The Gazette of India,

EXTRAORDINARY.

PUBLISHED BY AUTHORITY.

CALCUTTA, TUESDAY, JANUARY 1, 1895.

STAR OF INDIA.

NOTIFICATION.

Fort William, the 1st January, 1895.

His Excellency the Grand Master of the Most Exalted Order of the Star of India is pleased to announce that Her Majesty the Queen, Empress of India, has been graciously pleased to make the following appointments to the said Order:—

To be a Knight Grand Commander.

HIS HIGHNESS SHAHU CHHATRAPATI MAHARAJ, Raja of Kolhapur.

To be Knights Commanders.

THE HONOURABLE MR. JAMES WESTLAND, C.S.I., Member of the Council of the Governor-General.

FREDERICK WILLIAM RICHARDS FRYER, ESQ., C.S.I., Indian Civil Service, Commissioner, and Officiating Second Financial Commissioner, Punjab.

HIS HIGHNESS MAHARAO KESRI SINGH BAHADUR, of Sirohi.

COURTENAY PEREGRINE ILBERT, ESQ., C.S.I., C.I.E., Barrister-at-Law, Assistant Parliamentary Counsel to the Treasury.

To be Companions.

THE HONOURABLE MR. CHARLES CECIL STEVENS, Indian Civil Service, Member of the Board of Revenue, Bengal, and Additional Member of the Council of the Governor-General for making Laws and Regulations.

MAJOR-GENERAL ALEXANDER ROBERT BADCOCK, C.B., Indian Staff Corps, Commissary-General-in-Chief, India.

DONALD MACKENZIE SMEATON, Esq., Indian Civil Service, Financial Commissioner, Burma.

STEPHEN JACOB, Esq., Indian Civil Service, Comptroller and Auditor-General, and Officiating Secretary to the Government of India, Finance and Commerce Department.

COLONEL WILLIAM FRANCIS PRIDEAUX, Indian Staff Corps, Resident of the 2nd class and Resident at Jaipur.

By Order of the Grand Master,

W. J. CUNINGHAM,

Secretary to the Most Exalted Order of the Star of India.

INDIAN EMPIRE.

NOTIFICATION.

Fort William, the 1st January, 1895.

His Excellency the Grand Master of the Most Eminent Order of the Indian Empire is pleased to announce that Her Majesty the Queen, Empress of India, has been graciously pleased to make the following appointments to the said Order :—

To be Knights Commanders.

RAJA SUDHAL DEO, C.I.E., of Bamra.

COLONEL HENRY RAVENSHAW THUILLIER, C.I.E., Royal Engineers, Surveyor-General of India.

NAWAB SIDI AHMAD KHAN SIDI IBRAHIM KHAN, of Janjira.

RAJA VENKATA SVETACHALAPATI RANGA RAO, Zamindar of Bobbili.

To be Companions.

THE HONOURABLE MR. FAZULBHAI VISHRAM, Additional Member of the Council of the Governor-General for making Laws and Regulations.

THE HONOURABLE MR. THOMAS DAVID LITTLE, M. Inst. C.E., Chief Engineer and Secretary to the Government of Bombay, Public Works Department, and Additional Member of the Council of the Governor of Bombay for making Laws and Regulations.

COLONEL HENRY SULLIVAN JARRETT, Indian Staff Corps, late Secretary to the Board of Examiners, Calcutta.

COLONEL HENRY BRISTOW SANDERSON, Indian Staff Corps, late Judge Advocate-General in India.

RAO BAHADUR DIWAN JUJHAR SINGH JU DEO, of Charkhari.

RAI DURGAGATI BANERJI BAHADUR, Collector of Calcutta and Superintendent of Excise, Bengal.

ARTHUR CROMMELIN HANKIN, ESQ., Assistant in Central India to the General-Superintendent of Operations for the Suppression of Thagi and Dakaiti.

ADAM GILLIES TYTLER, ESQ., Sub-Deputy Opium Agent in Behar.

VETERINARY-CAPTAIN JOSHUA ARTHUR NUNN, D.S.O., F.R.C.V.S., Army Veterinary Department, Principal, Veterinary College, Lahore.

KHAN BAHADUR HAKK NAWAZ KHAN, Assistant to the British Joint-Commissioner, Baluch-Afghan Boundary Commission.

By Order of the Grand Master,

W. J. CUNINGHAM,

Secretary to the Most Eminent Order of the Indian Empire.

MILITARY DEPARTMENT.

Fort William, the 1st January, 1895.

APPOINTMENTS.

PERSONAL STAFF.

No. 1.—The Viceroy and Governor-General has been pleased to make the following appointments on His Excellency's personal staff:—

To be Honorary Aides-de-Camp.

The Hon'ble Lieutenant-Colonel Sir John Edge, Kt., Commandant, Third Administrative Battalion, North-Western Provinces Volunteers.

Lieutenant-Colonel T. R. Wynne, Commandant, Bengal-Nagpur Railway Volunteer Rifle Corps.

The Hon'ble Lieutenant-Colonel J. N. Stuart, Commandant, Cossipore Artillery Volunteers.

Lieutenant-Colonel J. Buckingham, C.I.E., Assam Valley Mounted Rifles.

Lieutenant-Colonel W. S. D. Hunter, Sind Rifle Corps.

VOLUNTEER CORPS.

No. 2.—His Excellency the Governor-General of India has been pleased to confer the Volunteer Officers' Decoration upon the undermentioned officers of the Indian Volunteer Force, who have been duly recommended for the same under the Royal Warrant of 24th May 1894 (India Army Circulars of 1894, Clause 101) :—

Calcutta Naval Volunteers.

Lieutenant Edward Jeremiah King.

Behar Light Horse.

Lieutenant-Colonel Sir William Brereton Hudson, K.C.I.

Major James John Macleod.

Major Robert Wilson.

Captain Malcolm Neynoe Macleod.

Cossipore Artillery Volunteers.

Major William Stewart Malcolm.

Northern Bengal Mounted Rifles.

Captain Maurice Power, retired.

Nagpur Volunteer Rifle Corps.

Captain (Honorary Major) Joseph Bailey.

1st Punjab Volunteer Rifle Corps.

Lieutenant-Colonel (Honorary Colonel) Andrew Higgins, C.I.E., retired.

Lieutenant-Colonel David Parkes Masson.

Captain (Honorary Major) Samuel Serle Corrigan.

Captain (Honorary Major) Edward Nicholl.

2nd Punjab Volunteer Rifle Corps.

Major (Honorary Lieutenant-Colonel) Frank Leigh, retired.

Major Benson Luke Freeman, retired.

Major Edward Jean Chanter.

Lieutenant Bolivar Edwin French.

Honorary Captain and Paymaster Cecil Wright.

Calcutta Volunteer Rifle Corps.

Major (Honorary Lieutenant-Colonel) James Lackersteen.
Captain James Bruce, retired.
Captain (Honorary Major) Henry Elworthy.
Captain (Honorary Major) Avetoom Thaddeus Avetoom.

Bangalore Rifle Volunteers.

Major (Honorary Lieutenant-Colonel) Thomas Tredway Leonard.
Captain Charles Michael Leonard.

East Indian Railway Volunteer Rifle Corps.

Lieutenant-Colonel (Honorary Colonel) David Wilkinson Campbell, C.I.E., retired.
Lieutenant-Colonel (Honorary Colonel) Allen Mears.
Lieutenant-Colonel Alan Wood Rendell.
Major (Honorary Lieutenant-Colonel) John George Burbidge, retired.
Major (Honorary Lieutenant-Colonel) Edwin Weatherdon.
Captain (Honorary Major) John Lawrence.
Captain (Honorary Major) Walter Charles Gordon Macpherson.
Captain (Honorary Major) Thomas Mecklenburgh.
Captain (Honorary Major) Gregory Sam.
Captain (Honorary Major) David Neville.
Captain (Honorary Major) Charles William Clarke.
Captain (Honorary Major) William Ward, retired.
Lieutenant Benjamin Kennedy.
Lieutenant Edwin Hart.
Lieutenant (Honorary Captain) Peter Ashcroft, retired.
Honorary Major John Hartley, Quartermaster and Paymaster.

Mussoorie Volunteer Rifle Corps.

Major Arthur Stokes.

Great Indian Peninsula Railway Corps.

Captain (Honorary Major) Alfred King.

Bombay Rifle Corps.

Major Richard Sneade Brown.

Burma State Railway Volunteer Corps.

Lieutenant-Colonel William Innes.

Ghazipur Volunteer Rifle Corps.

Major Aaron Ephraim Ryles.

North-Western Railway Volunteer Rifle Corps.

Captain (Honorary Major) John Rickie.

Presidency Volunteer Rifle Battalion.

Lieutenant-Colonel (Honorary Colonel) Reginald Craufuird Sterndale.

E. H. H. COLLEN, *Major-General,*
Secretary to the Government of India.

FOREIGN DEPARTMENT.

NOTIFICATIONS.

Fort William, the 1st January, 1895.

His Excellency the Viceroy and Governor-General is pleased to confer upon Sheikh Asad-ullah Khan, Khan Bahadur, Honorary Magistrate and Vice-Chairman of the Municipality of Meerut in the North-Western Provinces, the title of Nawab as a personal distinction.

His Excellency the Viceroy and Governor-General is pleased to confer upon Pundit Madhu Sudan Smritiratna, Professor, Sanskrit College, Calcutta, the title of Mahamahopadhyaya as a personal distinction.

His Excellency the Viceroy and Governor-General is pleased to confer upon Maulavi Muhammad Ilahadad, late 2nd Maulavi of the Calcutta Madrassa, the title of Shams-ul-ulama as a personal distinction.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Khan Bahadur as a personal distinction upon :—

The Honourable Meherban Dorabji Padamji, First Class Sardar of the Deccan.

Sher Muhammad, Supervisor, Public Works Department, Irrigation Branch, Punjab.

Khan Allahyar Khan of Hangu, in the Kohat district in the Punjab.

Sheikh Khuda Bakhsh, Extra Judicial Assistant Commissioner in the Punjab.

Muhammad Husain, Senior Hospital Assistant, Subordinate Medical Department, Bengal.

Maulavi Saiyid Nasiruddin Ahmed, Chairman of the Bihar Local Board in the Bengal Presidency.

Kasim Husain Khan, Tahsildar, Bareilly, in the North-Western Provinces.

Imdad Ali, Pleader of Damoh in the Central Provinces.

Fathyab Khan, Commandant of the Rampur Imperial Service Lancers.

Sardar Sohbat Khan, Gola, Zamindar in Kalat.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Rao Bahadur as a personal distinction upon :—

Venkata Rangaiyar, retired Sub-Judge in the Madras Presidency.

Vembakam Raghava Charlu, First Assistant in the Local and Municipal Department, in the Madras Presidency.

Virabhadra Subbaraya Mudaliyar, First Class Inspector, in charge of the Railway Police of the South Indian Railway in the Madras Presidency.

Appathurai Krishnaswami Aiyar, Manager of the Chief Office of the Inspector-General of Police in the Madras Presidency.

Trichinopoly Venkataswami Nilamagam Pillai, Senior Hospital Assistant, Madras Sappers and Miners.

Camalapuram Lutchmiah Nayadu, Senior Hospital Assistant, 2nd Madras Lancers.

Rao Sahib Mohanlal Ranchordas Zaveri, lately Deputy Educational Inspector of Surat in the Bombay Presidency.

Rao Sahib Bapu Rao Patwardhan, Senior Judge, Small Cause Court, Nagpur, in the Central Provinces.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Rai Bahadur as a personal distinction upon :—

Wathada Venkatareddi Nayudu, Sub-Engineer, 1st Grade, Public Works Department in the Madras Presidency.

Pandit Kishen Lal, Private Secretary to His Highness the Raja of Sirmur (Nahan).

Lala Ganga Ram, Executive Engineer in the Punjab.

Lala Radha Kishen, Assistant Surgeon in the Punjab.

Pandit Sham Nath, Executive Engineer, Public Works Department, Ajmere.

Babu Sattya Kinkur Sen, Government Pleader, Burdwan, in the Bengal Presidency.

Babu Hari Krishna Mazumdar, Zamindar of Islampur, in the district of Murshidabad in the Bengal Presidency.

Babu Jogendra Chunder Mitter, Inspector of the Calcutta Police.

Koilas Chunder Bose, late President of the Calcutta Medical Society.

Lala Nihal Chund, landowner of Saharanpur in the North-Western Provinces.

Kalyan Singh, City Inspector of Police, Allahabad, in the North-Western Provinces.

Thakur Sitta Baksh Singh, Tahsildar, Allahabad, in the North-Western Provinces.

Bakshi Parmanand, Hakim-i-Ala, Kashmir.

Babu Woma Churn Mukerji, Registrar of the Department of Finance and Commerce of the Government of India.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Khan Sahib as a personal distinction upon :—

Wali Sahib Dadamiya Kazi, Kazi of the town of Satara in the Bombay Presidency.

Allah Bakhsh Khan, Saddozai, Honorary Magistrate in the Dera Ghazi Khan district in the Punjab.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Rao Sahib as a personal distinction upon :—

Ramrao Vyasrao Desai, Vice-President of the Municipality of Dharwar in the Bombay Presidency.

Ishwarlal Ochhavaram, Honorary Magistrate and President of the Municipality of Ahmedabad in the Bombay Presidency.

Lakshman Bhikaji Wakharkar, lately clerk to the District Court of Khandesh in the Bombay Presidency.

Chandulal Mathuradas, late Superintendent of Post Offices, Cutch Division.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Rai Sahib as a personal distinction upon :—

Barharu, Kotwal of Bir in the Kangra district in the Punjab.

Pandit Ramachandra Dubé, Tutor to His Highness the Maharaja of Bikanir in Rajputana.

Lala Bhya Mull, Commissariat Contractor.

Babu Shoshi Bhoosan Bose, late Inspector of Police in the Bengal Presidency.

Babu Doorga Churn Chuckerbutty, Supervisor, Public Works Department, Bengal.

Babu Mathura Mohan Mukerji, Accountant and Treasurer, Office of the Private Secretary to His Honour the Lieutenant-Governor of the North-Western Provinces.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Kyet thaye Zaung shwe Salwè ya Min as a personal distinction upon :—

Maung Shwe I, Myoôk, of the Magwe district, in Burma.

Maung Kale, Extra Assistant Conservator of Forests in the Tharrawaddy district, in Burma.

His Excellency the Viceroy and Governor-General is pleased to confer the title of Ahmudan gaung Tazeik ya Min as a personal distinction upon :—

Maung Ba, Myoôk, in the Minbu district, in Burma.

Maung Cheik, Inspector of Police, in Burma.

W. J. CUNINGHAM,
Secretary to the Government of India.

Printed and published for the GOVERNMENT OF INDIA *at the Office of the* SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA, *No. 8, Hastings Street, Calcutta.*

The Gazette of India,

EXTRAORDINARY.

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CALCUTTA, WEDNESDAY, JANUARY 9, 1895.

HOME DEPARTMENT.

NOTIFICATION.

ESTABLISHMENTS.

Calcutta, the 9th January 1895.

No. 18.

A TEMPORARY vacancy having occurred in the office of Lieutenant-Governor of the North-Western Provinces and Chief Commissioner of Oudh, consequent on the grant of leave for three months to the Honourable Sir Charles Haukes Todd Crosthwaite, K.C.S.I., the Governor General of India is pleased, under the authority vested in him by the 29th section of the Act 21 and 22 Vict., Cap. 106, and subject to the approbation of Her Majesty, to appoint the Honourable Mr. Alan Cadell, Member of the Board of Revenue in the North-Western Provinces and Oudh, to officiate as Lieutenant-Governor of the North-Western Provinces and Chief Commissioner of Oudh during the absence of Sir C. H. T. Crosthwaite on the said leave.

The Honourable Mr. Cadell assumed charge of the office of Lieutenant-Governor of the North-Western Provinces and Chief Commissioner of Oudh on the afternoon of this day.

J. P. HEWETT,

Offg. Secretary to the Government of India.

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CALCUTTA, THURSDAY, FEBRUARY 14, 1895.

FINANCE AND COMMERCE DEPARTMENT.

NOTIFICATIONS.

SEPARATE REVENUE.
Cotton Duties.

Calcutta, the 13th February, 1895.

No. 813 S. R.

IN exercise of the power conferred by section 33, sub-section (1), clause (*a*), of the Cotton Duties Act (XVII of 1894), the Governor General in Council is pleased to make the following rule, namely :—

The return of cotton yarn produced in any mill situated within the Presidency of Fort St. George or within the territories administered by the Chief Commissioner of the Central Provinces, to be delivered to the Collector by the owner of such mill in accordance with the provisions of section 7 of the said Act,

shall be in the form printed below, one line being given to each working day, and shall be verified by the owner by signing the certificate at foot of the form :—

Return of yarn produced at the Mills during the month of prepared and delivered to the Collector of in accordance with section 7 of Act XVII of 1894.

Day of the Month.	Number of spindles at work.	Yarn in Cops.												Throstles.				Total.	
		No.		No.		No.		No.		No.		No.		No.		No.		No.	
		lb	oz.	lb	oz.	lb	oz.	lb	oz.	lb	oz.	lb	oz.	lb	oz.	lb	oz.	lb	oz.
1																			
2																			
3																			
4																			
5																			
etc.																			
Total																			
Deduct amount passed out of spinning section to be woven or otherwise manufactured.*†																			
Balance to be accounted for in spinning section.*†																			
Estimated amount out of above yarns remaining unbundled at end of the month.*																			

* These lines need not be filled up for yarn of any counts not exceeding 20s.

† These entries are required only in the case of mills which are weaving as well as spinning mills.

I (or we) certify that the above return contains, to the best of my (or our) information and belief, a true and complete statement of the yarns spun and produced in the mills during the month of

Name

Designation

Date

The 14th February 1895.

No. 819 S. R.

In exercise of the powers conferred by section 33 of the Cotton Duties Act (XVII of 1894), the Governor General in Council is pleased to make the following rules for carrying into effect the provisions of the said Act within the Presidency of Bombay :—

The Return of cotton yarn produced in any mill situated within the said Presidency, to be delivered to the Collector by the owner of such mill in accordance with the provisions of section 7 of the said Act; shall be in the form appended, which is divided into Parts A, B, and C.

The particulars required in Parts A, B, and C of the Return shall be shown separately for each count or number of yarn, provided that all counts not exceeding 20 may be shown in a single entry, unless the Collector shall otherwise direct.

Any owner proposing to export or sell for export cotton fabrics composed in whole or in part of dutiable counts of yarn shall also submit monthly to the Collector a return of such cloth in Form D appended.

The owner of the mill or his representative submitting the returns shall subscribe at the foot of Parts A and B of the Return under section 7 and at foot of Form D a declaration in the following terms :—

> " I do hereby declare that I have compared the above particulars with the records and books of my mill, and that they are, in so far as I can ascertain, accurate and complete."

STEPHEN JACOB,
Offg. Secretary to the Government of India.

The Cotton Duties Act, 1894.

Return under section 7 of Cotton Yarn produced.

Part A.

RETURN made for the _____ Mill, showing TOTAL OUTTURN of YARN during the month ending _____ 189 .

1		2	3	4	5
TOTAL OUTTURN.		Total No. of Spindles at work during the month on each count.	Average per Spindle.	Total No. of Spindles idle throughout the month.	REMARKS.
Description.	Weight.				
	lbs.				
1 Mule—					
No. 16 . .					
No. 18 . .					
No. 20 . .					
&c. . .					
2 Ring Yarn—					
No. . .					
No. . .					
No. . .					
&c. . .					
3 Throstle—					
No., &c. . .					

I do hereby declare that I have compared the above particulars with the records and books of my Mill, and that they are, in so far as I can ascertain, accurate and complete.

Dated this day of 189 .

(Signed)

[To be signed by the Millowner, Managing Agent or other principal officer of the Mill.]

The Cotton Duties Act, 1894.

Return under section 7 of Cotton Yarn produced.

Part B.

Particulars of all DUTIABLE YARNS produced at Mill during the month ending 189 .

1	2			3	4	5	6
Description.	PRODUCED (*vide* SECTION 5 OF THE ACT).			Total lbs. produced.	Deduction claimed under Section 14 on account of quantity Warehoused.	Deduction claimed under Section 18 on account of quantity Exported.	Balance of Yarn Dutiable.
	Amount. Bundled.	Amount Woven or otherwise manufactured.	Otherwise passed out of Mill.				
Mule—							
No. 21.							
No. 24.							
&c.							
Ring Yarn—							
No. 21.							
No. 24.							
&c.							
Throstle—							
No. 21							Total Yarn Dutiable all counts.
&c.							Lbs.

I do hereby declare that I have compared the above particulars with the records and books of my Mill, and that they are, in so far as I can ascertain, accurate and complete.

Dated this day of 189 .

(Signed)

[To be signed by the Millowner, Managing Agent or other principal officer of the Mill.]

Details of Shipments *

Date	Nos. of Bales.	Contents.

(* To be filled in at the Collector's Office.)

FOREIGN DEPARTMENT.

NOTIFICATION.

Fort William, the 14th February 1895.

No. 563-*I.*

In exercise of the power conferred by Section 33, Sub-section (1), clause (*a*) of the Cotton Duties Act (XVII of 1894), as applied to the Hyderabad Assigned Districts by the Notification of the Government of India in the Foreign Department, No. 4462-I., dated 27th December 1894, the Governor General in Council is pleased to make the following rule, namely :—

The return of cotton yarn produced in any mill situated within the Hyderabad Assigned Districts, to be delivered to the Collector by the owner of such mill in accordance with the provisions of section 7 of the said Act, shall be in the form printed below, one line being given to each working day, and shall be verified by the owner by signing the certificate at foot of the form :—

Return of yarn produced at the Mills during the month of prepared and delivered to the Collector of in accordance with Section 7 of Act XVII of 1894.

Day of the Month.	Number of spindles at work.	Yarn in Cops.												Throstles.				Total.	
		No.		No.		No.		No.		No.		No.		No.		No.			
		lb	oz.	lb	oz.	lb	oz.	lb	oz	lb	oz.	lb	oz.	lb	oz.	lb	oz.	lb	oz.
1																			
2																			
3																			
4																			
5																			
etc.																			
Total .																			
Deduct amount passed out of spinning section to be woven or otherwise manufactured.*†																			
Balance to be accounted for in spinning section.*†																			
Estimated amount out of above yarns remaining unbundled at end of the month.*																			

* These lines need not be filled up for yarn of any counts not exceeding 20s.

† These entries are required only in the case of mills which are weaving as well as spinning mills.

I (or we) certify that the above return contains, to the best of my (or our) information and belief, a true and complete statement of the yarns spun and produced in the mills during the month of

Name

Designation

Date

W. J. CUNINGHAM,
Secretary to the Government of India.

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The Gazette of India,

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PUBLISHED BY AUTHORITY.

CALCUTTA, WEDNESDAY, FEBRUARY 27, 1895.

INDIAN EMPIRE.

NOTIFICATION.

Fort William, the 27th February, 1895.

His Excellency the Grand Master of the Most Eminent Order of the Indian Empire is pleased to announce that Her Majesty the Queen, Empress of India, has been graciously pleased to make the following appointment to the said Order:—

To be a Knight Grand Commander.

HIS EXCELLENCY THE RIGHT HON'BLE WILLIAM, BARON SANDHURST, Governor of the Presidency of Bombay.

By Order of the Grand Master,

W. J. CUNINGHAM,

Secretary to the Most Eminent Order of the Indian Empire.

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CALCUTTA, WEDNESDAY, MARCH 13, 1895.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

ABSTRACT OF THE PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA, ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 AND 1892 (24 & 25 VICT., CAP. 67, AND 55 & 56 VICT., CAP. 14).

The Council met at Government House on Thursday, the 7th March, 1895.

PRESENT:

His Excellency the Viceroy and Governor General of India, P.C., LL.D., G.M.S.I., G.M.I.E., *presiding*.
His Honour the Lieutenant-Governor of Bengal, K.C.S.I.
The Hon'ble Sir A. E. Miller, KT., Q.C.
The Hon'ble Lieutenant-General Sir H. Brackenbury, K.C.B., R.A.
The Hon'ble Sir C. B. Pritchard, K.C.I.E., C.S.I.
The Hon'ble Sir J. Westland, K.C.S.I.
The Hon'ble Sir A. P. MacDonnell, K.C.S.I.
The Hon'ble Baba Khem Singh Bedi, C.I.E.
The Hon'ble P. M. Mehta, M.A., C.I.E.
The Hon'ble Gangadhar Rao Madhav Chitnavis.
The Hon'ble H. F. Clogstoun, C.S.I.
The Hon'ble P. Playfair.
The Hon'ble Mahárája Partab Narayan Singh of Ajudhiá.
The Hon'ble Mohiny Mohun Roy.
The Hon'ble Sir G. H. P. Evans, K.C.I.E.
The Hon'ble Sir F. W. R. Fryer, K.C.S.I.
The Hon'ble C. C. Stevens, C.S.I.
The Hon'ble H. E. M. James.
The Hon'ble A. S. Lethbridge, M.D., C.S.I.

QUESTIONS AND ANSWERS.

The Hon'ble MR. MEHTA asked:—

"I. Is it true that the Government of the North-Western Provinces subscribed to 62 copies of a weekly newspaper called *The Punjab Patriot* after the Punjab Government had declined to give it similar help?

"II. Is it true that the Commissary General's Office, Western Circle, Rawalpindi, has issued a circular stating that a previous circular directing *The Punjab Patriot* to be used for advertising Commissariat notices had not been fully acted up to, and ordering that *The Punjab Patriot* should take precedence of all other papers of the Native Press published in English?"

The Hon'ble Sir ANTONY MACDONNELL replied to the first question as follows:—

"This question substantially repeats a question asked in the North-Western Provinces and Oudh Legislative Council on the 21st January, 1895, to which an anwer was then given.

"The matter is one in which the discretion rests solely with the Local Government."

The Hon'ble LIEUTENANT-GENERAL SIR HENRY BRACKENBURY replied to the second question as follows:—

"Yes, it is true. The discretion as to the choice of newspapers for advertising for tenders rests with the Commissary General."

INDIAN COMPANIES (MEMORANDUM OF ASSOCIATION) BILL.

The Hon'ble SIR JAMES WESTLAND moved that the Bill to give power to Companies to make certain alterations in the Instruments under which they are constituted, and to amend the Indian Companies Act, 1882, be referred to a Select Committee consisting of the Hon'ble Sir Alexander Miller, the Hon'ble Sir Antony MacDonnell, the Hon'ble Mr. Mehta, the Hon'ble Mr. Playfair and the Mover, with instructions to report at the next meeting of the Council. He said:—"I have no remarks to make. The Bill is a non-contentious one. It has been generally approved, and I think it is probable that the Select Committee will find themselves able to dispose of it within the time allowed to them."

The Motion was put and agreed to.

EXTRADITION (INDIA) BILL.

The Hon'ble SIR ALEXANDER MILLER moved that the Bill to confer on Presidency Magistrates and District Magistrates certain powers and authorities in relation to the surrender of fugitive criminals be taken into consideration. He said:—"The Bill is a very short one and it has not been thought necessary to refer it to a Select Committee. The facts may be briefly stated as follows. By the Extradition Act, 1870, when extradition from the United Kingdom is demanded of a fugitive criminal, the Secretary of State's warrant is issued for his arrest, and then a Police Magistrate investigates into the affair, and, if there is proper evidence against the criminal, he is handed over. Then it is provided that in the extension of the Act to British possessions 'no warrant of a Secretary of State shall be required and all powers vested in or acts authorised or required to be done under the said Act by the Police Magistrate and the Secretary of State or either of them in relation to the surrender of a fugitive criminal may be done by the Governor of the British possession alone.' The result of that in its application to India is that for purposes of extradition under this Act it is necessary for the Governor or Lieutenant-Governor of a province to do himself all the acts which ought to be done by a Police Magistrate; but the Act of Parliament contains a provision that, if any British possession passes a law or ordinance which has the effect of working out the Act, then Her Majesty may by Order in Council suspend the operation of the Act of Parliament and direct that the law or ordinance shall have effect in the British Possession as if it were part of the Act of Parliament. The difficulty I have mentioned having been felt in other provinces—the Colony of Ceylon amongst others—they passed a law some years ago conferring on District Magistrates in those places the power to act in the same manner as the Police Magistrates do under the Act in the United Kingdom, and we have thought it desirable to extend the same

class of provisions to India in order that when a fugitive arrives, say, at Bombay, it may not be necessary for the Governor of Bombay personally to take all the steps necessary for his arrest, and to enable a Presidency Magistrate or District Magistrate, as the case may be, to do the ministerial work which falls on a Police Magistrate in England. This Act has been copied from the Singhalese Ordinance which has been found for the last twenty years or so to work very well, and we propose simply to adopt in India the provisions which have worked so satisfactorily in Ceylon."

The Motion was put and agreed to.

The Hon'ble SIR ALEXANDER MILLER also moved that the Bill be passed.

The Motion was put and agreed to.

BURMA BOATS BILL.

The Hon'ble SIR FREDERICK FRYER moved for leave to postpone his Motion that the Bill to provide for the Registration of certain Boats in Lower Burma be referred to a Select Committee consisting of the Hon'ble Sir Alexander Miller, the Hon'ble Sir Antony MacDonnell, the Hon'ble Gangadhar Rao Madhav Chitnavis, the Hon'ble Mr. Playfair, the Hon'ble Mr. James and the Mover, with instructions to report at the next meeting of the Council.

The Motion was put and agreed to.

INDIAN RAILWAY COMPANIES BILL.

The Hon'ble SIR ALEXANDER MILLER moved that the Bill to provide for the payment by Railway Companies registered under the Indian Companies Act, 1882, of interest out of capital during construction be taken into consideration. He said :—"I explained when asking for leave to introduce this Bill that its sole object is to place Railway Companies registered in India on the same footing as companies registered in England for the construction of Indian railways as regards this matter of the payment of interest out of capital during construction. The Bill is practically copied from the English Act, except that we have left out a provision for retrospective operation which occurs in the English Act. It is provided in the English Act that where interest has already been paid out of capital with the sanction of the Secretary of State, that shall be as valid as if it were paid after the passing of the Act. My only reason for not inserting a similar provision in this Act is that on enquiry I discovered that no such case has arisen in India, and therefore the section, if introduced, would be a dead-letter. In all other respects the provisions of the Act are precisely, as far as the circumstances of the two countries admit, the same as those of, and are directly taken from, the English Act."

The Hon'ble MR. PLAYFAIR said :—"My Lord, I congratulate Your Excellency's Government upon the introduction of a measure adapted from the latest advance in England in legislative economics and intended to develop and extend the construction of the railway system in this country, by offering inducement to investors and the public to subscribe capital under conditions that will avoid delay in their receiving a return of interest upon their investment. The effect of enabling railways whilst under construction to pay interest out of capital must be to make this class of investment more popular without materially adding to the cost of a line. It should also be a means, as I strongly hope it will be, of encouraging capitalists in this country to subscribe in silver currency towards the construction of railways, and especially of light railways of short distance, including feeder lines. These are much wanted as a means of connecting the interior with the great railway arteries which have already done so much to further the commercial and the administrative wants of the Empire. I believe I am correct in associating with this Bill the name of the Hon'ble Member who presides over the Public Works Department of Your Excellency's Government

If so, it may be a satisfaction to Sir Charles Pritchard to know that the mercantile community accord their approval to the Bill. I hail also with satisfaction the evident desire on the part of Government to entrust the management of railways to companies, for it is reasonable to expect that the management by direction, possessing a special acquaintance with commercial methods and requirements and having special sympathy with the varying conditions and demand of trade, will adapt itself more readily to mercantile wants than departments administered by the State. In other words, the fault of the system of official management is inelasticity; the merit of commercial management is adaptibility to requirements as they arise. The distinction between a light railway and a provincial tramway is not to my mind very clear, but I hope that both will come under the definition of 'railway' set forth in section 2 of the Bill. I look to a system of light tramways as being a suitable method of connecting town with town and each with the main lines of railway, or with the great rivers, especially in certain districts that have come under my notice in Bengal and Assam. I think that the construction of such tramways or light railways deserves every encouragement. It is quite possible that, if liberal inducement is offered by Government in the matter of conceding roadways, land, and timber from Government reserves, local effort may be called forth for the construction of serviceable lines of communication to the increased convenience of passengers and also to the increase of facilities in the transport of produce. I would suggest that Government might not only make a general appeal for the promotion of companies in India, and through Indian agency to undertake the construction of railways and tramways, but might also, with great advantage to the whole community, place before the public, from time to time, a schedule of routes or lines of communication which appear to be required and which Government consider might be suitably undertaken by private enterprise. I hope Government has not finally decided to withhold a guarantee of interest by subsidy to Railway Companies, for although it may be to the advantage of the State that the entire onus of profit and loss associated with such undertakings should rest with investors, it must not be forgotten that there are large sums of Trust Funds seeking employment which can only be invested in undertakings having Government guarantees. One serious hindrance to the promotion of companies for the construction of lines of railway and provincial tramways in India—to which I desire to direct special attention—has been the excessive delay that occurs in obtaining the sanction of the Government to proposals put forward by promoters. Inasmuch as alterations occurring in the money market cause investors to appear and disappear, it has happened that, without anything having arisen to detract from the merits of a scheme, subscribers have withdrawn for the reason that capital is intolerant of delay or idleness. In other words, if the opportunity of obtaining subscriptions of capital is not availed of when it offers, it may, if not entirely, at all events be lost for a long period, promoters and their supporters in the meantime having turned their attention to other undertakings. I therefore submit, my Lord, that it would be convenient were the Government of India to publicly notify the systems of railways and tramways which in their view are desirable and those which might be undertaken by public enterprise, and also to give a prompt answer to applications that may be from time to time made by persons prepared to undertake the formation of companies. In either case I assume that Government will continue to conduct the survey of projects on its own account and also at the request of promoters. It is difficult for surveyors from home to prospect a tract of country in the thorough manner undertaken by the Department. I trust that in addition Government will, so far as it lies in its power, lend the superior officers of the Public Works Department to assist Companies in the construction work of lines of railway. While it must be recognized that Government cannot be expected to educate and retain a staff of engineers on the off-chance of their being employed by Companies, experience has shown the benefit to be derived from a knowledge of the country, the language, and customs of the people such as engineers in the Government service possess and which it must be of advantage to private enterprise to obtain. With these remarks, my Lord, I desire to support the passing of the Bill now before Your Excellency's Council."

The Hon'ble SIR CHARLES PRITCHARD said:—My Lord, I am glad to learn from my hon'ble friend, the President of the Bengal Chamber of Commerce, that this Bill meets with the approval of the mercantile community.

"Mr Playfair has dealt with a number of important questions of railway policy, some of which do not immediately arise on the Bill under consideration. I do not propose, at the present moment, to state definitely the opinion of the Government of India upon each of those questions. But I am glad of the opportunity which my hon'ble friend has given me of explaining some of the points which he has mentioned, on which I think that a certain amount of misconception exists, and of indicating my own views upon others.

"The first subject that my hon'ble friend has dealt with is as to the relative advantages of company management and State management of railways. In this matter I do not venture to say more, on behalf of the Government of India, than that the advantages he claims for company management are recognised to a certain extent, and that the question of transferring to companies the management of some of the State railways is now occupying our attention.

"Considering the enormous extent of the State railway system, there have been singularly few specific complaints from the trade, or from the public, of shortcomings on the part of its management. The fact that the administrative and traffic establishments of many of the companies' lines in India are almost exclusively officered by Government servants who have been trained on the State railways is, I take it, proof conclusive of the efficiency of our State railway officers as a class, and of the soundness of the system under which they receive their training. The demands made by companies on the Department for experienced officers to fill the chief posts on their railways have increased of late; and compliance with this growing demand, which deprives us of many of our best officers at the time when their services have become of the greatest value to us, tends to place State railway management at a disadvantage.

"As regards the rank and file of railway servants in all branches, the balance of advantage is, I am inclined to think, on the side of companies' management. The rules which regulate pay and promotion and leave and pension and the general conditions of service in the several Civil Departments of the Government must necessarily be uniform and rigid, and from that and other circumstances our Civil Service regulations are not in some respects well suited to the requirements of a commercial service, such as that of railways. There are again evident advantages in interposing between the executive head of a railway administration and the Government control some authority which possesses special acquaintance with commercial methods and is in immediate contact and sympathy with the requirements of the trading communities and the travelling public. It is also expedient, whenever a conflict of interests arises, as must often happen, between two or more railway administrations, on which the Government is called on to decide, that the case and the interests of each of the lines concerned should be represented by some authority independent of the Government. When State railways are implicated in such conflicts, the Government is a party to the dispute, as well as judge, and it has not unfrequently happened that the Government has found itself compelled by the mere force of that circumstance to surrender points which a Company's Board of Directors would have maintained. For these and other reasons, and speaking for myself alone, I say that I shall be glad to see the Public Works Department recede gradually from the direct management of railways, and confine its attention to engineering and to those duties of general and equal control over all the railway administrations in India which, as my hon'ble friend has justly remarked, the Government must continue to exercise in the public interests.

"My hon'ble friend has expressed regret that tramways have not been included among the undertakings that will be affected by this Bill. I may explain that all steam tramways which are classed as railways and are worked under the Railway Act will be included. In this respect the Bill follows the Act of Parliament passed last year, and its object, as already mentioned by Sir Alexander Miller, is simply to extend the provisions of the English Act to railway undertakings registered in India. I do not think that there is occasion for going further at present.

"As regards guarantees, I cannot do better than refer Mr. Playfair to the answer given by the Secretary of State for India to a similar question asked in the House of Commons last month. Mr. Fowler then declared that the Government did not see their way to giving an Imperial guarantee for interest on railways in India.

"The next point noticed by my hon'ble friend is as to the attitude of the Government with regard to railway construction by private enterprise in India.

"He will, I am sure, accept my assurance that the desire of the Government of India to encourage genuine private enterprise in the construction of railways is sincere. But he must pardon me when I say that private enterprise in the work of constructing railways in India has hitherto been something quite different from the private enterprise which has created the railways of England.

"I am glad to say that some signs of improvement in that respect are now visible, especially in connection with schemes that depend on rupee subscriptions, but I must remind my hon'ble friend that all the proposals for railway extension that have come before this Government in my time have involved the grant of substantial assistance in some shape or other from the State funds, which my hon'ble colleague Sir James Westland guards so carefully in the interests of the tax-payer of India.

"I may say that, if any well-founded and well-considered scheme for a new railway were to be proposed upon the basis of a company's taking upon itself the possible risks as well as the possible profits of the undertaking, it would be a simple matter to give the assent of Government without any of the delay of which my hon'ble friend complains.

"The delay has in the main arisen from the inclusion in the schemes of demands for subsidies for which the State is to make itself responsible, in whole or part, as well as from the circumstance that promoters usually come to the Government without having themselves made the thorough examination of their projects sufficient to convince other people of their soundness, and before they have obtained reliable information regarding the cost of executing the undertakings they propose and the amount of the probable earnings of those undertakings when carried to completion.

"It is the sense of the responsibilities of the Government of India to the Indian tax-payer which entails upon us the enquiries, surveys, estimates of cost of construction and working, and estimates of traffic prospects which must all be made in communication with Local Governments and with parent companies before a promoter's scheme can be admitted as one which this Government can recommend to the Secretary of State as suitable for a concession. When this stage has been reached, there will still remain the negociations with the Secretary of State, and in the majority of cases also with the parent company which owns the main line, for the settlement of the detailed terms of the contract under which the projected line is to be constructed and worked. In my observation, the longest delays have occurred at this stage, as the main line companies are generally reluctant to admit to their systems independent branch line companies. The existing companies, whether they be guaranteed or assisted companies, have not shown themselves anxious, as a rule, for the intrusion of outsiders; they would prefer, not unnaturally, that Government should place them in a position to make on their own account, but more or less at the expense or risk of the State, such branches and extensions of their systems as are likely to prove of benefit to themselves, and they are striving to attain that object.

"Most of the applications which we receive from promoters are for lines connected with companies' systems. Firm applications within the published terms have been made in four instances only during the last two and a half years for the grant of concessions for branches or extensions of railways under State management, which have been considered likely to pay their way and to be such as might properly be entrusted to private enterprise. There was no delay whatever on the part of the Government of India in disposing of any of those applications. One of them was for a large extension to the North-Western State Railway by the construction of a line from Delhi, through Bhatinda, to Samasata. Our despatch recommending the grant of a concession for that line was forwarded to the Secretary of State in November, 1893. Two others were for branches of the Rajputana-Malwa system. Those we recommended to the

Secretary of State in October and November, 1894. The last is for an unsurveyed branch of the Tirhoot State Railway, which is now leased to the Bengal and North-Western Company. That is still undisposed of and awaiting the result of negociations which the promoter has been permitted to make direct with the agent of the working company.

"The Hon'ble Mr. Playfair asks that the Government of India will publicly notify the systems of railways which they consider might suitably be undertaken by private enterprise.

"A few weeks ago the Bengal Chamber of Commerce made a similar suggestion to us. The subject had already received attention at the hands of Lord Lansdowne as well as of Your Excellency and myself. In October last we forwarded to the Secretary of State a list of certain projects, numbering 23 in all, and embracing a total length of about 3,700 miles of line, which we consider suitable for execution by private enterprise, if proper terms can be arranged. We await the permission of the Secretary of State to publish that list, with any modifications or reservations that may commend themselves to his judgment.

"But when we are at liberty to announce this list for general information we can only do so with the reservation to the Government of the right to determine the time at which and the order in which the several projects are to be put in hand.

"I may mention that these projects are separate from the Assam-Bengal Railway (740 miles) and from the railways, aggregating about 2,500 miles in length, mentioned in the list which the Secretary of State recently placed at the disposal of Sir James Kitson, which this Government proposes to construct by the direct agency of the State.

"It is scarcely necessary to say that we do not and cannot contemplate the simultaneous prosecution of all these lines of railway. If the entire programme of construction by State and by companies' agency which we have already placed before the Secretary of State is carried out, we expect that the aggregate expenditure on railway construction and maintenance in India will amount to about 700 lakhs in the year 1895-96 and to about 1,000 lakhs in 1896-97. The work involved is probably about as much as the staff of Engineers of matured Indian experience can undertake.

"The extension of the East Coast State Railway from Cuttack to Calcutta, with a branch connecting the extension, *vid* Midnapur, with the Bengal-Nagpur Railway, and giving that railway an access to Calcutta and to the docks at Kidderpur independent of the East Indian Railway, holds the first place among the projects which we recommended to the Secretary of State in October last as being suitable for execution by company's agency. Negotiations for the construction of those lines are in active progress, and I confidently hope to see work begun upon them at an early date.

"In connection with the remarks I have just made, I would add that it appears to me that the Chambers of Commerce established at the large trade centres of India may perform a very useful function by keeping constantly in view those schemes of railway extension which in their opinion are likely to prove most conducive to the benefit of general trade and of the travelling public, and by pressing from time to time for their early construction in preference to the construction of lines which, though desirable in the interests of companies and their shareholders, will only meet in a less degree the wants of the public community. I am glad to take this opportunity of acknowledging a valuable communication from the Chamber of Commerce regarding the railway extensions most needed by Calcutta and Bengal, which has reached the Government of India during the last few days.

"I would renew the assurance which I have already given of the earnest desire of this Government to maintain a continuous policy of State railway construction so long as this course does not add to the burden of taxation in India.

"That policy has, with the approval of the Secretary of State and with the authority of the Parliamentary Committee of 1884, been consistently followed, and the Government of India may fairly claim that it has secured substantial progress, if not all that the most earnest advocates of railway extension would desire.

"It remains only for me to notice my hon'ble friend's remarks about surveys. Our expenditure on surveys in each of the years since 1890 has been—

	Rs.
In 1891-92 (actual)	6,05,460
In 1892-93 („)	5,73,419
In 1893-94 („)	8,03,780
In 1894-95 (estimated)	8,25,400
TOTAL	28,08,050

"The surveys and re-surveys executed during this period have extended over several thousand miles of line. The Government of India have utilized every available man and have expended this very considerable sum in examining schemes which have been suggested either by Railway Administrations or by Chambers of Commerce, or by promoters, as well as other projects which have been accepted as likely to be required in the early future.

"It is not possible for me to promise more, or to make any general undertaking to survey all projected schemes; but promoters may feel satisfied that any project which gives promise of meeting a real want and which has reasonable prospects of proving remunerative will not be left without a survey, the cost of which will, in the event of construction being sanctioned, be put to the debit of the capital cost of the line.

"Surveys which appear to be called for on public grounds will be undertaken by the Government either on their own motion, or at the request of Local Governments, Chambers of Commerce, or other bodies representing public interests. Surveys will also be undertaken at the instance of promoters, so far as staff is available for the purpose, on their depositing funds to meet the estimated cost. All these surveys will be made on the same understanding, namely, that their cost will be added to the capital cost of the line concerned, in the event of its being sanctioned for construction. Particulars regarding each survey undertaken are published from time to time in the Gazette of India, and the plans and papers of all surveys made of lines which are considered suitable for execution by private enterprise may be seen on application at the Public Works Secretariat."

The Hon'ble SIR JAMES WESTLAND said:—"With Your Excellency's permission I should like to make a few remarks on one subject to which my hon'ble friend Mr. Playfair alluded in the course of his speech; that is, the delay which is said to occur on the part of Government in respect to giving a reply to proposals for projects of railway construction placed before them by promoters. I venture to think that the speech of the Hon'ble Member gives a very full explanation of the reason and nature of these delays. He has told us that the promoters for the most part look to Government for the surveys of the railways which they themselves propose, and he also expressed a hope that the Public Works Department will be ready to lend its officers for the purpose of their construction; in other words, his statement practically is that the promoters make their proposals in such a form that they must expect to have to wait for the survey of the line and the arrangements which Government can make for its subsequent construction. If the whole burden both of the examination of the project and of its subsequent construction is laid upon Government, it is not unnatural that considerable delay should take place in giving an answer to the projects put forward. My hon'ble colleague Sir Charles Pritchard has indicated, and indicated truly, that the delays which have arisen in the consideration of these projects are attributable in part to the necessity of their being closely scrutinised by the Government of India on the purely financial side. It is obvious that, if the promoters take no risk upon themselves, and throw the whole risk upon the Government, it is necessary for me, as representing the purely financial side of the Government and the interest of the taxpayer, to closely scrutinise the prospects of a railway before I can advise the Government to take it up as a project of which it has to bear the risk. My hon'ble colleague Sir Charles Pritchard has justly said that, if promoters would come forward on purely private-enterprise principles, they would receive all the encouragement

possible on the part of the Government. I have no doubt that that is perfectly true, only we have not yet had an opportunity of proving it to be true. It seems to me that promoters are too much inclined to look at these matters purely from the side of the investor. What they have in mind is an investment for money, and not the construction of a railway. One project—which is at present, I can hardly say, before us, for I think it has been declined—was a proposal to the Government by certain promoters, that they should take over certain lines, that the Government should guarantee them a sterling rate of interest of $3\frac{3}{4}$ per cent., and, moreover, should every fifteen years be prepared to return to them the whole of the capital, *plus* 5 per cent. If this is reckoned up, it will be found that the interest which the Government would have to pay would be over 4 per cent. per annum. To make a proposal like this to a Government which can borrow in sterling at 3 per cent. seems clearly unreasonable, and yet I have no doubt that that company has been added to the chorus of those who denounce the delays on the part of the Government, declare that the Government is unwilling to receive railway proposals, and lay the blame of delay in construction at its doors. Personally I cannot say that I expect promoters and investors to come forward for the construction of railways in this country upon terms upon which they undertake the risk themselves; experience has shown that any such hope is likely to be disappointed; but I am prepared to welcome any proposals for engaging in the construction of railways which in my estimation do not throw upon the Government a greater risk than it would have to bear in the case of construction by itself. But I make it a condition that the railway is one which is required in the interest of the Government and the country, and not merely in the interest of the investor. To ask the Government at present, for example, for a $3\frac{1}{2}$ per cent. guarantee—and I do not know a single case in which a smaller guarantee has been asked, though I am not prepared to say that there are none—would be, it seems to me, to ask Government for more than it can reasonably be expected to give, especially as a share of profits in addition to the guarantee is an almost necessary condition of company management. I would therefore ask the Council to believe that, if delays take place in giving an answer to schemes laid before them by companies, they are not altogether due to the fault of the Government, but are mostly attributable to the promoters expecting more favourable terms than those which it seems to me reasonable for Government to concede. I would not wish it to be understood that in making these remarks I desire in any way to set myself against the promotion of railways by companies in India. I am anxious—though perhaps not quite so much so as my hon'ble colleague Sir Charles Pritchard—to see a certain number of railways constructed in this country, and I quite admit that construction and management by companies is the only way in which many of the projects which I believe to be necessary for the development of India can be carried out."

His Honour THE LIEUTENANT-GOVERNOR said:—"As this has become a somewhat formal conversation I trust I may be excused if I ask for information on one point which I think has not been clearly brought out in the speech of the Hon'ble Member who has just addressed the Council. The Hon'ble Mr. Playfair referred to the delays which occur in accepting the proposals of promoters of railways, and the Hon'ble Financial Member has mentioned that in many cases the proposals of the promoters are unreasonable and cannot be accepted because they ask the Government to undertake larger responsibility than it would undertake if it executed these railways itself. But I was surprised to notice that he has not referred to the principal and leading case of the construction of railways—that in which the proposal comes under the terms notified in September, 1893, as the terms on which feeder railways could be constructed by private parties, that they should supply the capital for construction and the railway to which the feeder is added should carry out the management on terms which are generally expressed as the home rate of working. There was also a provision for giving a rebate to the feeder lines up to a certain limit on account of the traffic which they brought to the main line.

"Now, nothing has been said as to the reason why any delay should occur in the acceptance of proposals which come within the limits of these conditions.

"It remains only for me to notice my hon'ble friend's remarks about surveys. Our expenditure on surveys in each of the years since 1890 has been—

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"The surveys and re-surveys executed during this period have extended over several thousand miles of line. The Government of India have utilized every available man and have expended this very considerable sum in examining schemes which have been suggested either by Railway Administrations or by Chambers of Commerce, or by promoters, as well as other projects which have been accepted as likely to be required in the early future.

"It is not possible for me to promise more, or to make any general undertaking to survey all projected schemes; but promoters may feel satisfied that any project which gives promise of meeting a real want and which has reasonable prospects of proving remunerative will not be left without a survey, the cost of which will, in the event of construction being sanctioned, be put to the debit of the capital cost of the line.

"Surveys which appear to be called for on public grounds will be undertaken by the Government either on their own motion, or at the request of Local Governments, Chambers of Commerce, or other bodies representing public interests. Surveys will also be undertaken at the instance of promoters, so far as staff is available for the purpose, on their depositing funds to meet the estimated cost. All these surveys will be made on the same understanding, namely, that their cost will be added to the capital cost of the line concerned, in the event of its being sanctioned for construction. Particulars regarding each survey undertaken are published from time to time in the Gazette of India, and the plans and papers of all surveys made of lines which are considered suitable for execution by private enterprise may be seen on application at the Public Works Secretariat."

The Hon'ble SIR JAMES WESTLAND said:—"With Your Excellency's permission I should like to make a few remarks on one subject to which my hon'ble friend Mr. Playfair alluded in the course of his speech; that is, the delay which is said to occur on the part of Government in respect to giving a reply to proposals for projects of railway construction placed before them by promoters. I venture to think that the speech of the Hon'ble Member gives a very full explanation of the reason and nature of these delays. He has told us that the promoters for the most part look to Government for the surveys of the railways which they themselves propose, and he also expressed a hope that the Public Works Department will be ready to lend its officers for the purpose of their construction; in other words, his statement practically is that the promoters make their proposals in such a form that they must expect to have to wait for the survey of the line and the arrangements which Government can make for its subsequent construction. If the whole burden both of the examination of the project and of its subsequent construction is laid upon Government, it is not unnatural that considerable delay should take place in giving an answer to the projects put forward. My hon'ble colleague Sir Charles Pritchard has indicated, and indicated truly, that the delays which have arisen in the consideration of these projects are attributable in part to the necessity of their being closely scrutinised by the Government of India on the purely financial side. It is obvious that, if the promoters take no risk upon themselves, and throw the whole risk upon the Government, it is necessary for me, as representing the purely financial side of the Government and the interest of the taxpayer, to closely scrutinise the prospects of a railway before I can advise the Government to take it up as a project of which it has to bear the risk. My hon'ble colleague Sir Charles Pritchard has justly said that, if promoters would come forward on purely private-enterprise principles, they would receive all the encouragement

possible on the part of the Government. I have no doubt that that is perfectly true, only we have not yet had an opportunity of proving it to be true. It seems to me that promoters are too much inclined to look at these matters purely from the side of the investor. What they have in mind is an investment for money, and not the construction of a railway. One project—which is at present, I can hardly say, before us, for I think it has been declined—was a proposal to the Government by certain promoters, that they should take over certain lines, that the Government should guarantee them a sterling rate of interest of 3¾ per cent., and, moreover, should every fifteen years be prepared to return to them the whole of the capital, *plus* 5 per cent. If this is reckoned up, it will be found that the interest which the Government would have to pay would be over 4 per cent. per annum. To make a proposal like this to a Government which can borrow in sterling at 3 per cent. seems clearly unreasonable, and yet I have no doubt that that company has been added to the chorus of those who denounce the delays on the part of the Government, declare that the Government is unwilling to receive railway proposals, and lay the blame of delay in construction at its doors. Personally I cannot say that I expect promoters and investors to come forward for the construction of railways in this country upon terms upon which they undertake the risk themselves; experience has shown that any such hope is likely to be disappointed; but I am prepared to welcome any proposals for engaging in the construction of railways which in my estimation do not throw upon the Government a greater risk than it would have to bear in the case of construction by itself. But I make it a condition that the railway is one which is required in the interest of the Government and the country, and not merely in the interest of the investor. To ask the Government at present, for example, for a 3½ per cent. guarantee—and I do not know a single case in which a smaller guarantee has been asked, though I am not prepared to say that there are none—would be, it seems to me, to ask Government for more than it can reasonably be expected to give, especially as a share of profits in addition to the guarantee is an almost necessary condition of company management. I would therefore ask the Council to believe that, if delays take place in giving an answer to schemes laid before them by companies, they are not altogether due to the fault of the Government, but are mostly attributable to the promoters expecting more favourable terms than those which it seems to me reasonable for Government to concede. I would not wish it to be understood that in making these remarks I desire in any way to set myself against the promotion of railways by companies in India. I am anxious—though perhaps not quite so much so as my hon'ble colleague Sir Charles Pritchard—to see a certain number of railways constructed in this country, and I quite admit that construction and management by companies is the only way in which many of the projects which I believe to be necessary for the development of India can be carried out."

His Honour THE LIEUTENANT-GOVERNOR said:—"As this has become a somewhat formal conversation I trust I may be excused if I ask for information on one point which I think has not been clearly brought out in the speech of the Hon'ble Member who has just addressed the Council. The Hon'ble Mr. Playfair referred to the delays which occur in accepting the proposals of promoters of railways, and the Hon'ble Financial Member has mentioned that in many cases the proposals of the promoters are unreasonable and cannot be accepted because they ask the Government to undertake larger responsibility than it would undertake if it executed these railways itself. But I was surprised to notice that he has not referred to the principal and leading case of the construction of railways—that in which the proposal comes under the terms notified in September, 1893, as the terms on which feeder railways could be constructed by private parties, that they should supply the capital for construction and the railway to which the feeder is added should carry out the management on terms which are generally expressed as the home rate of working. There was also a provision for giving a rebate to the feeder lines up to a certain limit on account of the traffic which they brought to the main line.

"Now, nothing has been said as to the reason why any delay should occur in the acceptance of proposals which come within the limits of these conditions.

It seems to me that, if the conditions are satisfactorily accepted by the promoters, there should in those cases be very little or no delay, and yet, as a matter of fact, I believe it is the case that there is a considerable delay even now, and I think it would be useful if either the Hon'ble Financial Member or the Hon'ble Public Works Member would let the public know more exactly what the cause of that delay is, what faults or omissions are committed by the promoters in the cases of the kind I refer to, and how those who attempt to comply with the stipulations of the rules of September, 1893, can obtain an answer to their applications more quickly than has generally been the case."

The Hon'ble SIR CHARLES PRITCHARD said :—"The remarks which I made a few minutes ago relate to concessions under what are known as the branch line terms, which were notified in September, 1893, as well as to concessions for larger railway undertakings on special terms. His Honour is quite correct in saying that no delay should occur in the disposal of cases in which the applications submitted by promoters satisfy the requirements of the published branch line terms. I can only repeat the statement, which I have already made, that I am not aware of a single instance in which there has been any delay on the part of the Government of India in disposing of an application when the concessions asked for have been within the limits of the published terms, and have related to projects for which surveys and estimates were ready to hand. But the great majority of the proposals which we have received do not fall within that category. The generality of the proposals made have been for the construction of lines of railway for which neither surveys nor estimates nor traffic statistics had been previously prepared, and they have besides included demands for larger State subsidies than those which the Government of India had declared their willingness to grant In such cases the whole work of examining the schemes and of ascertaining whether they are likely to prove remunerative or not is thrown on the Government establishments. The surveys and inquiries that have to be undertaken cost time as well as money, and the promoters of undigested and speculative schemes cannot reasonably expect to receive favourable answers to their proposals without considerable delay. The best advice which I can offer to promoters is that they should put themselves in possession of reliable surveys and estimates and traffic statistics and digest their projects thoroughly before they come to Government with applications for concessions which involve the grant of subsidies from the State treasury."

His Excellency THE PRESIDENT said :—"With reference to the discussion which has just taken place, I should like to remind the Council that the subject before it is limited to the subject of the Bill, the Bill being a Bill to enable the Government of India to allow the payment of interest out of capital during the construction of railways, in the same way as is done in England. The debate which has ensued on the Bill has travelled over a good many points which are not exactly perhaps within the subject-matter of the Bill; but, knowing the great interest that is taken in railway matters both here and at home, I did not think that it was necessary for me to interpose on any point of strict order. The discussion which has taken place has given the Hon'ble Member who initiated it the opportunity of asking certain questions, and the Hon'ble Member of the Government of giving replies which will place before the public certain information; but these replies are not intended to initiate any fresh policy of the Government which would of course be brought up in a more formal and regular manner. I think that what has passed, and the statements made by my hon'ble colleagues, will satisfy the Hon'ble Member, Mr. Playfair, and those who are, like him, interested in this subject, that there is nothing in which the Government takes a greater interest than the promotion of railways in India, and, so far as I can judge, the general principles which he endeavoured to lay down in his speech are those which meet with very favourable consideration from the Government. At the same time it will be evident from the discussion that there are certain questions which have arisen as to the particular manner in which it is most desirable to invite the co-operation of private enterprise in the construction of railways in India, on which the

Government is not in a position to do more than give the information which has been offered, and I feel it desirable that I should make it quite clear that in the statements made by my hon'ble colleagues and in the information they have given, they do not desire to lay before the public any fresh line of policy on these subjects. The Bill, as I have said, is a Bill with a limited application. It gives an opportunity for the investor in India to take advantage of the same methods which are now open to investors in England, and I should hope that money will be induced to come forward to aid the Government in the construction of railways in this country. Further than that I do not think it is necessary on this occasion to go."

The Motion was put and agreed to.

The Hon'ble SIR ALEXANDER MILLER also moved that the Bill be passed.

The Motion was put and agreed to.

AWARD OF INTEREST BILL.

The Hon'ble MOHINY MOHUN ROY moved for leave to introduce a Bill to regulate the award of interest in suits for simple money-debts and mortgage-debts. He said:—"May it please Your Excellency,—At present there is an anomaly in our Courts in the matter of awarding interest, and there is no limit to the amount up to which interest may be awarded.

"In the town of Calcutta and in the province of Bombay, the rule of Hindu law, known as the rule of *damdupat*, is in force. It prohibits the award of interest exceeding in amount the principal. It has been settled by a long series of decisions of the Calcutta and Bombay High Courts that all transactions between Hindus in the town of Calcutta and in the province of Bombay were subject to, and governed by, this rule. Among the rulings I may note the following:—

"(*1*) I. L. R. 5 Cal. 867, *Ram Kanayee Adhicary* v. *Johur Lal Dutt*. (*2*) I. L. R. 14 Cal. 781, *Nobin Chandra Banerjee* v. *Romesh Chandra Ghose*. (*3*) I. L. R. 21 Cal. 840, *Ram Kanayee Adhicary* v. *Cali Churn Dey* (*4*) 1 Bom. H. C. R. 47, *Dhundu Jagannath* v. *Narayan Ram Chundra*. (*5*) I. L. R. 1 Bom. 577, *Ram Chandra Mankeshwar* v. *Rhim Rav Ravji*. (*6*) I. L. R. 3 Bom. 312, *Ganpat Pandurang* v. *Adharji Dadabhai*.

"In the case in I. L. R. 14 Cal. a question was raised that this rule was inconsistent with Act XXVIII of 1855 which repealed the Usury Laws. The learned Judges (Prinsep, Wilson, and Norris, J. J.) say with reference to this point—

'But we think there is nothing in that Act (which deals exclusively with the rate of interest which may be allowed) inconsistent with the rule now in question. The authorities are unanimous in favour of that view. To this effect are the decisions of Sausse, C.J., and Forbes and Newton, J. J., in 1 Bom. H. C. R 47; of Couch, C. J., and Westropp, J., in 2 Bom. H. C. R. 23. The same law was laid down by Westropp, C. J., and Nanabhai Haridas, J., in 10 Bom. H. C. R. 382 and 385, and re-affirmed by Westropp, C. J., and Melville. J., in I. L. R. 1. Bom. 577, and by Westropp, C. J., and Green J., in I. L. R. 3 Bom. 312.'

"In another part of the judgment the learned Judges say as follows:—

'It is well settled that in this province, outside the presidency-town, no rule limiting the amount of interest to a sum equal to the principal prevails. This has been held in *Deen Doyal Prqmanick* v. *Koylas Chandra Pal Chowdhury* (I. L. R. 1. Cal. 92); *Surjya Narayan Singh* v. *Sardhari Lal* (I. L. R. 9 Cal. 825): *Het Narayan Singh* v. *Ram Deen Singh* (I. L. R. 9 Cal. 871) and in other cases; and it is no doubt an anomaly that there should be one rule in Calcutta and another outside it."

"The anomaly of the present state of the law, if it is to be removed, can only be removed by the Legislature. The learned Judges are not strictly accurate in saying, 'that in this province, outside the presidency-town, no rule limiting the interest to a sum equal to the principal prevails.' In the

district of the Sonthal Parganas a similar rule is in force under section 6, Regulation III of 1872.

"The Koran of the Muhammadans prohibits altogether the taking of usury. Although it has been held by the Calcutta High Court that the prohibition of the Koran was no part of the law of the country, and a Muhammadan might take interest as any other person (14 W. R. 308), the Muhammadans as a class would gladly accept a rule of limitation for this reason, if for no other, that there were very few money-lenders among them.

"It seems to be clear, therefore, that in the matter of awarding interest there is an anomaly 'which can only be removed by the Legislature.' To the removal of this anomaly by adopting the limitation contained in the rule of Hindu law, the Hindus can have no reasonable objection. It is part of their own law which is still in force in the town of Calcutta and in the province of Bombay. The Muhammadans, as shewn above, will welcome any rule of limitation in regard to interest. Now, the Hindus and Muhammadans constitute the people of India and form .92 per cent. of the population. The aboriginal tribes number above 2½ per cent. of the population, and like their brethren, the Sonthals of Bengal, require to be similarly protected against claims for exorbitant usury. So that it may be taken that for 95 per cent. of the population there can be no reasonable objection to prescribing a rule for limiting the amount of interest to a sum equal to the principal.

"The next point for consideration is whether there ought to be any limit to the amount which may be awarded as interest. A rupee borrowed at cent. per cent. compound interest with yearly rests would amount in twenty years to upwards of a lakh. One thousand rupees borrowed at 50 per cent. compound interest with yearly rests would swell to a lakh in eleven years and a half. It would be very strange if our Courts were bound to decree such enormous amounts as interest. Yet how could they do otherwise, in the absence of any definite rule of limitation? The Courts of Equity in England refused to give effect to such hard bargains, because they were hard bargains. In the case of *Kamini Sundary Chowdhurain* v. *Kali Prasanna Ghose*, reported in I. L. R. 12 Cal. 225, P. C., the Judicial Committee of the Privy Council say :—

'The doctrine of equity on this subject was laid down by the Master of the Rolls in *Beynon* v. *Cook*, and this judgment was affirmed by the Court of Appeal. Rhys Beynon was a reversioner or remainder man. Cook was a money-lender who took from him a promissory note for 100*l*., for which he was charged 15*l*. discount for six months, and a mortgage of his reversionary interest, with interest at the rate of 5 per cent. per month. The Master of the Rolls made a decree for redemption, on payment of the amount advanced, at simple interest at 5 per cent. per annum. He observed, "the point to be considered is was that a hard bargain? The doctrine has nothing to do with fraud. It has been laid down in case after case that the Court, wherever there is a dealing of this kind, looks at the reasonableness of the bargain, and, if it is what is called a hard bargain, sets it aside. It was obviously a very hard bargain indeed, and one which cannot be treated as being within the rule of reasonableness which has been laid down by so many Judges."

"Following the above ruling, the High Court at Allahabad (Oldfield and Tyrrell, J.J.,) considerably reduced the amount of interest claimed on a mortgage-bond in the case of *Madhu Singh* v. *Kasi Ram*, reported in I. L. R. 9 All. 228. The suit was to recover a sum of Rs. 679 due on a mortgage-bond. The principal sum lent was Rs. 99 with compound interest at 24 per cent. per annum with yearly rests. After stating the above facts, the judgment goes on to say :—

'Under the terms of the bond, the plaintiff had power to enforce the bond at any time by bringing to sale the mortgaged property. Instead of doing so, he has wilfully allowed the debt to remain unsatisfied in order that compound interest at the high rate should accumulate. The bargain seems to us a hard and unconscionable bargain which, under all the circumstances, it would be unreasonable and inequitable for a Court of Justice to give full effect to. That a power lies in the Court to refuse to give effect to such transactions is undoubted and rests on authority, and we may refer to the case of *Kamini Sundary Chowdhurain* v. *Kali Prasanna Ghose*, decided by the Privy Council. We modify the decree of the Courts below and decree the principal sum of Rs. 99 with simple interest at 24 per cent. per annum.'

"A more aggravated case of hard bargain came on in the Calcutta High Court before Sir Comer Petheram, Kt., C.J., and Rampini, J., in June, 1894. The case is not reported. It was an appeal from Original Decree No. 108 of 1893, *Ananda Moyi Gupta* v. *Ambica Charan Guha and others*. The principal sum borrowed on mortgage of landed property in September, 1881, was Rs. 1,500 at 33 per cent. compound interest with yearly rests. The loan was repayable in three months, but there was a stipulation to pay compound interest at the same rate until payment in full. Three months and 21 days after the loan a sum of Rs. 1,300 was paid in January, 1882. The effect of this payment was to reduce the principal to Rs 352-14 after paying up the interest (Rs. 152-14) which had accrued up to that date. Ten years afterwards the mortgagee brought a suit to recover Rs. 6,137, being 17½ times Rs. 352-14, to which the principal had been reduced by the payment in January, 1882. The first Court made a decree for this enormous amount. On appeal, it was contended that this was a hard bargain, to which full effect should not be given, and the cases of *Kamini Sundary Chowdhurain* and *Madhu Singh*, noted above, were quoted in support of this contention. But the learned Judges affirmed the decree of the first Court for Rs. 6,137 and disposed of this point as follows:—

'It has been said in the course of argument that the rate of interest stipulated for is a high one, and that it should not be allowed on the ground of the bargain being an unconscionable one. But there appears to be no ground on which this could be held. It has not been shown nor even alleged that the executant was a minor or that any advantage was taken of him at the time of the making of the bargain. He was not a *pardahnashin* female, or a poor and ignorant person; and it is not said, far less proved, that he did not enter into the bargain in question with his eyes open. We, therefore, can see no grounds on which he can now be relieved from the bargain which he knowingly entered into. See the cases of *Surjya Narayan Singh* v. *Jogendra Narayan Ray Chowdhuri*, I. L. R. 20 Cal. 360, and *Magriram Marwari* v. *Rajpati Koeri*, I. L. R. 20 Cal. 366. Further, this plea was not raised in the Lower Court, nor is it taken in the grounds of appeal to this Court and the rate of interest is not higher than has been allowed in other cases.'

"Now, I can tolerate a straightforward usurer who, having driven a hard bargain, shows no indulgence to his debtor, but proceeds to realise his money by suit as soon as it becomes payable. He is bad enough. But a money-lender, who having driven a hard bargain, waits till his tens become hundreds and hundreds become thousands, is a great deal worse. It is a characteristic of compound interest which should be borne in mind, that it increases in geometric ratio, and its growth is far more rapid in the latter half than in the first half of the period. It is said that 'the tender mercies of the wicked are cruel.' But I consider the seeming forbearance of a money-lender, who has secured a high rate of compound interest, is the cruelest thing in the world. Each year's forbearance means one coil more of the boa constrictor round his victim. Will the Legislature quietly look on and allow the calculating usurer to run untrammelled his course of rapacity?

"It may be said that the Indian Limitation Act in regard to the institution of suits operates as a check upon the inordinate growth of interest. But practically it does not so operate. The limitations for a suit on a registered bond without mortgage is six years, and that for a suit on a mortgage-bond is twelve years. In less than that time, with a moderately high rate of compound interest, the debt would run up from tens to hundreds and hundreds to thousands as shewn above. Then it should be borne in mind that a rupee or two paid in part-payment of interest would give the creditor a new period of limitation, which might, in this way, be indefinitely extended. A rule of not giving full effect to a hard bargain would equally fail to operate as a salutary or efficient check. The words would be understood in different senses by different Courts and would give rise to a large diversity of opinion. I have given an instance of such diversity of opinion between the Calcutta and Allahabad High Courts. Such a rule would, besides, be inconsistent with Act XXVIII of 1855, which repealed the usury laws. It would practically invalidate a contract to pay a high rate of interest, and would usher in again the laws against usury with a large element of uncertainty and indefiniteness which would render the rule practically unworkable in any satisfactory manner.

'The rule which it is proposed to make law 'has not anything to do with the legality or otherwise of a contract, but is simply a rule of limitation.'

It has been so held by Justice Wilson in *Ram Kanayee Adhicary v. Johar Lal Dutt* (I. L. R. 5 Cal. 867). It does not prevent the creditor from stipulating for any rate of simple or compound interest how high soever, but simply prevents him from playing the waiting game and accumulating the interest on his money beyond a reasonable limit.

"I may add that the high usury of the village money-lender is sometimes tempered by Lynch law. It is not applied in the same manner as in America. The man is not hanged, but his house is gutted or burnt down.

"In the case of *Ananda Moyee Gupta* referred to above, the growth of interest in ten years was 17½ times, or on an average 175 per cent. per annum. If the creditor had waited two years more, the accumulation would have been 30 times the principal, or on an average 250 per cent. per annum. The creditor did not think fit to wait two years more, because the aggregate value of the entire property and resources of the debtor did not amount to more than 17½ times the principal. That is now practically the only limit to the growth of interest, namely, to a point which would cover all the properties and resources of the debtor and cause his absolute ruin.

"If the rate of interest was not unreasonably high, not exceeding 12 per cent. simple, or 9 per cent. compound, it might not be necessary to fix a limit to the growth of interest. Because in those cases the interest charged per annum would not be unreasonable and extortionate compensation for the use of the creditor's money. As this is a matter of general importance, I have no doubt suggestions will pour in from all quarters. The object of this Bill is simply to place a limit upon the inordinate growth of interest at a rate unreasonably high. I consider it best to start with a rough-hewn Bill of one section and leave it to the Select Committee, our 'Divinity', to 'shape our ends' with the aid of the suggestions that will come in.

"I wish to make one more remark with reference to this Bill. It applies only to money-debts and mortgage-debts, and not to dealings or transactions in grain. Grain is generally lent at a season when it is dearest and becomes repayable at harvest time when it is cheapest. Difference in price of grain in the seasons of loan and repayment is such as to fully cover the high rate of increment charged in grain transactions. It is usual for a borrower of grain to pay in grain 50 per cent. as increment or profit at harvest time. It is often no more than the difference of price in the two seasons."

The Hon'ble BABA KHEM SING BEDI expressed his concurrence in the remarks of the Hon'ble Mohiny Mohun Roy.

The Hon'ble SIR ALEXANDER MILLER said:—"There is no reason why the Government should offer any opposition to the introduction of this Bill. At the same time it must not be understood that by allowing the Bill to be introduced without opposition the Government is at all committed to its provisions. The object of restraining hard and unconscionable bargains is a very desirable one; but I am afraid I must admit that it is one that the Court of Chancery has been endeavouring to give effect to for something like 300 years, with very varying success. It is practically found that, unless provisions in restraint of bargains between money-lenders and their debtors are very carefully worded indeed, they always tend to the injury of the debtor. The debtor must have the money, and it does not in the least matter how hard the terms may be which are imposed, he is ready to accept them, and the more legislative difficulties are put in the way of the creditor making what terms he pleases, the more likely he is to make harder terms which the debtor will accept. I saw a great deal of that with respect to some of the old debts incurred before the usury laws were repealed in England. There were most elaborate provisions preventing annuities being secured on real estate in cases where more than a very reasonable amount was reserved by way of interest on the debt advanced; but the practical effect was that in the majority of cases the creditor succeeded in imposing such terms as to collateral securities, as to insurances, as to acceptance of part of the loan in kind which was afterwards repurchased at a great sacrifice, that practically the unfortunate borrower on

annuities paid probably 60 or 70 per cent. for money which he might have got but for the law introduced for his protection at 30 or 40 per cent. I may say that shortly after I came out to India I set myself to the best of my ability to frame a clause which I could ask the Government to pass for the purpose of enabling the Courts to interfere with hard bargains of the kind mentioned by the Hon'ble Member: but I have not yet got it into a shape entirely satisfactory to myself, and I cannot think it would be satisfactory to anyone else. At the same time I quite admit that the object of the Bill is a very desirable one, and without at all pledging myself or anyone else to support it as it stands I may say that I am glad that it has been introduced and that the subject is one which is well worthy of consideration."

The Hon'ble MR. JAMES said :—" I venture to hope that the Bill which the Hon'ble Mohiny Mohun Roy has asked for leave to introduce will come forward in a form which the Government can accept, and that I may see it passed into law. The fact is, as the Hon'ble Mohiny Mohun Roy has pointed out, the question of the amount of interest that may be recovered in British Courts of law has never been settled by those Courts. All the Courts of law in India have at different times and under different circumstances passed a different set of decisions. The other day the Sadr Court of Sind had a case before it in which, besides the ordinary interest stated in the bond, a large amount of penal interest was claimed. The Court went into the question very carefully, much as the Hon'ble Mohiny Mohun Roy has done, it compared the different decisions of the different High Courts, and eventually, though with some slight doubt, came to the conclusion that an enormous rate of penal interest should not be enforced by a Court; but this decision only adds to the conflict of authority.

"Now, as regards the total amount that can be recovered on a bond, the law is, as the Hon'ble Mohiny Mohun Roy has pointed out, unfair upon different classes of the community. Theoretically the law of *damdupat*, that is to say, that the interest may never exceed the principal, applies as amongst Hindus. Even then, as my hon'ble friend has pointed out, it is not always practicable for the Courts to enforce this. In fact, on the records of Your Excellency's Government a case is mentioned in which a raiyat having borrowed Rs. 10 and having paid Rs. 110 on account of the original debt of Rs. 10 found himself after ten years still encumbered with a debt of Rs. 220; to such lengths does our existing law and procedure lead us. That is as between two Hindus; and as between a Hindu and a non-Hindu the case is worse, because the Courts hold that, the *damdupat* not being part of the sacred or ancient law of anybody but the Hindus, the Indian Courts may admit not once the principal as interest but a hundred times the principal; and I can quote a very similar case to that which the Hon'ble Mohiny Mohun Roy has mentioned that occurred in Bombay, and which I am aware has been quoted by many subordinate Courts in the Bombay Presidency as a reason for giving unconscionable interest. An ignorant person gave a very foolish bond requiring him to pay what an ordinary human being would have thought an unconscionable amount of interest, and the District Judge of one of the mufassal Courts in the Bombay Presidency decided that it was unconscionable. An appeal was made to the High Court of Bombay, and the High Court declared that there was a contract. There was the paper with the man's signature at the bottom and the stamp at the top, and there could not be anything unconscionable.

"The Act of 1855 strictly says that all usury laws are abolished, and that ordinary equitable interest should be awarded, save when there has been a contract, and in that case the interest agreed upon shall be awarded by the Court. I do not know whether my hon'ble friend in charge of the Bill proposes to alter that, but it seems to me that, as long as that stands, the introduction of a simple section, such as he proposes, will scarcely be of much good. However, I have no doubt that many suggestions will come in. When the Courts of law themselves in all parts of the country differ on so very simple a matter as to what is unconscionable interest, and whether unconscionable interest (if put into a contract paper), should be enforced or not, or as to the amount of compound interest which may be awarded, it certainly seems a case in which the Legislature should interfere, and therefore I for one am very pleased that a Bill with this object should be introduced."

The Hon'ble SIR FREDERICK FRYER said :—"I think I may say that, with reference to the discontent which is caused by the high rate of interest sometimes decreed in the Punjab, the Bill which the Hon'ble Mohiny Mohun Roy asks leave to introduce appears to me to be a move in the right direction.

"I remember a case in the Punjab in which an unfortunate man borrowed Rs. 50,000; when the case came before me, he had paid the full sum in interest, and yet he still owed the original Rs. 50,000.

"The rule of *damdupat* in force in the town of Calcutta and in the province of Bombay, by which the award of interest exceeding the principal is prohibited, is, in my opinion, a wholesome one, and the extension of this rule to all suits for money-debts or mortgages instituted after the proposed Bill becomes law seems to me advisable.

"I did not know till yesterday that my hon'ble friend meant to ask leave to introduce this Bill to-day, so I have not had time carefully to consider it, and I am consequently not prepared to say whether the Bill should be passed in its present shape. All I wish to say now is that the general object of the Bill has my complete sympathy."

The Hon'ble SIR GRIFFITH EVANS said :—"That the evil is a very great one there is no doubt; that it is desirable that the matter should be discussed there is also no doubt. I take the same view of it as my hon'ble friend Sir Alexander Miller. Without in any way arriving at the conclusion that the present proposal will give a solution of the difficulty, it is no doubt very desirable that suggestions should be invited, and that, if possible, some check should be placed upon what is a very great evil. The people of this country—particularly the uneducated classes—do not very often realise the frightful rapidity with which compound interest accumulates. Although they have, as a matter of fact, agreed to the contract with their eyes open, they have not really grasped the extremely fearful result which would take place after two or three years had passed. This is really a branch of the wider question alluded to by my hon'ble friend Sir Frederick Fryer as arising in the Punjab. It goes further there because there is a grave question concerned not only that the rates of interest are so high, but that the peasantry are being divorced from the land. If they are allowed to till their ancestral holdings at all, it is as serfs of the moneylenders. In the old days the usurer could only take the crop and not the land. Under our laws both are taken.

"It matters little to these men, if they lose their land, whether we or somebody else governs them. For their lands the peasantry have always been ready to fight and die. We are ousting the warrior peasant by our laws and Courts to put in the usurer. We shall want our army some day to keep him in. It is one of the grave political dangers of the future. It can only be averted by timely action. I welcome anything that may lead to a discussion, however partial, of this evil."

The Hon'ble GANGADHAR RAO MADHAV CHITNAVIS said that he welcomed any legislation which would save the people from being bound by really and hard and unconscionable bargains. He would support the motion and reserve his further remarks till a later stage.

The Motion was put and agreed to.

The Hon'ble MOHINY MOHUN ROY also introduced the Bill.

The Hon'ble MOHINY MOHUN ROY also moved that the Bill and Statement of Objects and Reasons be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The Motion was put and agreed to.

VALIDATION OF PROCEEDINGS (PEGU AND TENASSERIM) BILL.

The Hon'ble SIR FREDERICK FRYER moved that the Bill to remove certain doubts as to the validity of certain proceedings and acts of certain

officers of the Pegu and Tenasserim Divisions in Lower Burma and to prevent their being raised in the future be taken into consideration. He said:—"My Lord, as I said in moving the introduction of this Bill, it is an entirely non-contentious one and its object is merely to remove any doubts which may exist as to the validity of the acts of certain officers of the Pegu and Tenasserim Divisions of Lower Burma by reason of these acts having been done out of the jurisdiction of these officers.

"The Chief Commissioner of Burma has approved of the provisions of the Bill as they stand, and I do not think it is necessary for me to say anything more about it. Some slight amendments are proposed to the Bill, which I will explain when moving the amendment of the Bill."

The Motion was put and agreed to.

The Hon'ble SIR FREDERICK FRYER also moved that the words "or Sessions Judge" be inserted after the word "Commissioner" and the words "Magistrates or" after the words "Deputy Commissioner and other" in clauses (*a*) and (*b*) of section 1 of the Bill. He said:—"My Lord, these amendments have been introduced to meet the objection raised by the Judicial Commissioner of Lower Burma to this Bill. He says that judicial officers should be designated by the names of their judicial offices in the Bill and not only by their administrative title. So far as concerns their offices as Sessions Judge and Magistrate the Judicial Commissioner's objection seems to be correct; so the words 'or Sessions Judge' is proposed to be inserted after 'Commissioner' and the words 'Magistrate or' after 'Deputy Commissioner and other' in clauses (*a*) and (*b*) of section 1 of the Bill. By section 2 (*13*) of the General Clauses Act, 1867, the word 'Magistrate' includes all persons exercising all or any of the powers of a Magistrate under the Code of Criminal Procedure. So it is not necessary to mention the different classes of Magistrates. It is also unnecessary to mention the judicial title of officers exercising civil powers, as under section 5 of the Lower Burma Courts Act the titles of the six grades of Courts in Lower Burma are the same as the administrative titles by which the officers in question are designated. The Deputy Commissioner, for instance, is the District Judge for the purposes of the Act, and the Commissioner is so styled in the Act."

The Hon'ble SIR ALEXANDER MILLER said:—"I have only to say that I have looked at the provisions of the Lower Burma Courts Act, and I think my hon'ble friend is right in saying that the proper titles of the Judges of the Civil Courts there are 'Commissioner' and 'Deputy Commissioner,' and not the titles to be found in the Civil Procedure Code."

The Motion was put and agreed to.

The Hon'ble SIR FREDERICK FRYER also moved that the Bill, as amended, be passed.

The Motion was put and agreed to.

The Council adjourned to Thursday, the 14th March, 1895.

CALCUTTA;
The 13th March, 1895.

J. M. MACPHERSON,
Offg. Secy. to the Govt. of India,
Legislative Department.

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FINANCIAL STATEMENT FOR 1895-96.

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FINANCIAL STATEMENT FOR 1895-96.

PART I.

GENERAL REVIEW.

PRELIMINARY.

1. The Financial Statement for 1895-96 is, according to the now established practice, presented in two parts, *viz.*, Part II which goes through the subject in regular order and in detail, and Part I, which presents the same facts in a more general shape, and may be taken as my review of them. I do not consider myself tied down in this review to any particular order of statement, but hope by its means to give a general idea of the subject, leaving those who wish for greater details to refer to the second part. I have to give an account of a period of exceptional activity and anxiety in matters financial, and I shall do so the more clearly if I draw attention rather to the salient features of the year's history than to the mere arithmetic of the estimates.

2. The tabular statements, A and B, of revenue and expenditure, are prepared in the usual form (*vide* Appendix); but in the difference columns in which the increase and decrease under each head of Revenue or Expenditure are stated, I have excluded that part of the difference which arises solely out of the change of the rate at which the English revenue or expenditure is brought to account. It would be useless to be perpetually explaining that out of a stated difference under some particular head of (say) Rx. 100,000, Rx. 90,000 is due to difference in the exchange column, and only Rx. 10,000 was the real difference of revenue or expenditure which requires to be noticed as such.

3. I wish to draw attention to the new form we have given to Statement E, the statement of Net Revenue and Expenditure. This form follows, but is not in such great detail as, a "Return of the Net Income and Expenditure of British India" prepared by the Right Hon'ble Mr. Fowler for the House of Commons in July last. The arrangement of the heads is a suggestive one, and for that reason we have, in a separate abstract—Form F—given the figures for the ten years preceding 1893-94, taking them for the most part from the Parliamentary Return referred to.

ACCOUNTS OF 1893-94.

4. The Revised Estimate for 1893-94, which I presented last year, worked out to a deficit of Rx. 1,792,800; the actual result, in making up the accounts, is a deficit of Rx. 1,546,998, being Rx. 245,802 better than the estimate. It must be borne in mind in comparing this with subsequent years, that the accounts of 1893-94 included a charge for Rx. 1,060,954 for Railway construction under the Famine Insurance Grant, and that without this charge the deficit would stand at Rx. 486,044 only.

5. Of this difference Rx. 89,182 is due to revenue received on Imperial account in India, which was Rx. 66,748,382, against an Estimate of Rx. 66,659,200. Rx. 105,358 was due to Imperial expenditure in India, which was Rx. 42,502,442, against an Estimate of Rx. 42,607,800. Rx. 51,262 arose on the English account, including Exchange.

6. There are no differences between Revised Estimate and final outturn, which are large enough to require separate statement. The Revised Estimate

was made up at the exchange of 14·6 pence; the actual exchange realized upon the drawings and passing into the accounts was 14·5466 pence.

RATE OF EXCHANGE.

7. Before taking up the figures of the Revised Estimates of 1894-95, and the Budget Estimates of 1895-96, I desire to make a few remarks upon the subject of the rate of exchange at which they are made up.

8. The Secretary of State in March last announced his intention of drawing for £17,000,000 sterling, and we made up our estimates in the then precarious state of the Exchange market at 14 pence, but the actual rate had already fallen a little below that. During the month of April the rate maintained itself, slightly falling, a little over $13\frac{1}{2}d.$, but in May it rapidly fell below $13d.$, being quoted on May 18th at $12\frac{17}{32}d.$ The effect of these low rates, or rather of the high rupee price of gold which accompanied them, was to bring into the market a quantity of gold for shipment to Europe, and a slight recovery took place in June, the Secretary of State's drawings during that month being all at about $13d.$ Again there was a falling off in July, followed by a sharp recovery, which lasted through August; the last drawing of August and the first one of September were at $13\frac{13}{16}d.$ and $13\frac{25}{32}d.$ respectively. The rate then rapidly fell, and from the latter part of September till the end of November it stood between $13\frac{3}{8}$ and $13\frac{1}{8}$.

9. We were many of us hoping to see a revival when the cold-weather export season set in, but the extraordinarily low prices of cotton and of wheat in the European markets stood grievously in the way of activity in the export trade, and rates continued to fall till the middle of January; the drawing of January 16th was mostly at the rate of $12\frac{1}{2}d.$ Since that date the rates have gradually recovered, and for two or three weeks now they have stood just under $13d.$

10. The following monthly figures are of interest in this connection:—

	Drawings of Secretary of State.			In Lakhs of Rupees.		
	Pounds sterling; 000 omitted.	Lakhs of rupees.	Average rate.	Net exports of gold.	Net imports of silver.	Net Council Bill and Treasure.
1894.						
January	98	16·4	14·408	1·4	166·0	181·0
February	1,023	178·0	13·786	18·1	124·4	284·3
March	1,915	331·2	13·870	32·0	98·6	397·8
April	1,368	241·0	13·625	19·5	43·8	265·3
May	2,251	416·1	12·979	52·1	30·5	394·5
June	1,490	274·6	13·024	120·3	29·2	183·5
July	1,086	201·6	12·927	56·6	91·3	236·3
August	1,665	300·5	13·301	52·5	69·2	317·2
September	894	159·0	13·492	31·0	73·6	201·6
October	1,381	248·6	13·329	—·6	19·9	269·1
November	962	174·5	13·232	24·4	28·9	179·0
December	1,203	223·2	12·937	42·5	52·8	233·5
1895.						
January	1,196	226·6	12·672	49·7	67·8	244·7
February	1,611	300·2	12·883	42·9	55·5	312·8

11. This export of gold is entirely a new feature. There was a slight export, *viz.*, 3¼ lakhs worth in January and February 1893, but the remaining ten months of 1893 showed a total import of 124⅓ lakhs worth. The tide turned, it will be seen, exactly when the low exchange set in.

12. The drawings for the current year we estimate as follows :—

	£	₹
Actual up to March 2nd . . .	15,178,900	27,79,10,000
Estimated additional . . .	1,821,100	3,38,80,000
TOTAL .	17,000,000	31,17,90,000

giving a rate about 13·09 pence for the whole year, or, say, 18⅓ rupees. This rate, 13,09 pence, or 18⅓ rupees to the pound, is that at which we make up the Revised Estimate for the current year; and avoiding all speculations as to the future, we adopt the same rate in our Budget Estimates for 1895-96.

REVISED ESTIMATES OF 1894-95.

13. The Budget Estimates of the year 1894-95, when presented last March, showed, at fourteen pence exchange, a probable deficit of Rx. 301,900; had they been made up at the exchange 13·09 pence, which is all that is likely to be realized, they would, taking into account only that part of the difference which is due to the expenditure in the English account, have shown a deficit of Rx. 2,165,800. I am pleased to be able to say that the circumstances of the year have been so favourable, that we have not only made up this huge deficit, but are likely to close the account with a surplus estimated at present at Rx. 990,500, a better result by Rx. 3,156,300.

14. The first item in this great improvement is the Opium account, which gives us, under three heads, the following results :—

	Rx.
(i) Better revenue in Bengal, mostly due to enhanced prices obtained at the Calcutta sales	796,800
(ii) Better revenue in Bombay, *i.e.*, larger exportations and higher pass fees	134,600
(iii) Short expenditure in Bengal, mostly due to short payments to cultivators, owing to failure of crop . .	610,000
Total improvement on above accounts .	1,541,400

I do not congratulate myself upon the result shown under the third of these heads; I would much rather have paid the amount and had the opium. I shall presently deal with the question separately. Meantime I pass it over, with the remark, that though it brings about an improvement in the financial results of the year 1894-95, it is an improvement which has to be paid for in future years. It is, in some respects, not unlike the improvement which we might easily effect, for example, in our Military charges by the process of avoiding for a year the complete replenishment of our stores.

15. The other two items, however, aggregating Rx. 931,400, are a real improvement of revenue, except in as far as the high prices out of which they arise may encourage the consumers of Indian opium to have recourse to competing kinds. The price we estimated to realize in March last was only ₹1,070 per chest, but the prices obtained increased the moment the failure of the crop became known. In June to September we got about ₹1,307 on the average, and the price then rose gradually to ₹1,540 at February's sale. This price was, so far as we can make out, an unstable one, due to certain speculative

operations in the China Market. The speculation gave way, and the price collapsed to R1,327 at the sale of March.

16. The next leading cause of the improvement is in the unexpected productiveness of the new Customs duties, and the addition made to them, at the end of the year, of the Cotton duties. The total improvement under Customs Revenue is Rx. 930,100, while the expenditure account shows that we made ample provision for the increase required on account of establishment charges. It will be more convenient if I deal in a separate section with the subject of the Customs duties.

17. The third large contribution to the improvement in the results of 1894-95 is the account of Railway earnings—an improvement which may almost be called normal; for our Budget Estimates do not assume the progress that results from a fairly prosperous year, and accordingly if India enjoys what is on the whole a prosperous year, we may ordinarily expect the Railway returns to give us a considerable advance of revenue above what we have assumed in our Budget.

18. The items entering into this part of the estimates are as follow:—

	Budget.	Revised.	Better.	Worse.
State Railways—Gross Receipts	16,939,900	18,134,400	1,194,500*	
State Railways—Working Expenses	8,401,800	8,813,000		411,200
Net Improvement	8,538,100	9,321,400	783,300	

* Includes 100 for exchange.

Of this net improvement of Rx. 783,300, Rx. 25,700 belongs to the Provincial share (in which a considerable deficiency in Burma balances a considerable increase in Bengal), and Rx. 757,600 goes to improve the Imperial surplus.

19. We have unfortunately to set against this gain on State Railways a falling off, to the extent of Rx. 406,500, on the Guaranteed Railways, which occurs almost entirely in the Great Indian Peninsula Railway, and is practically due to the failure of crops in part of the Central Provinces.

20. Only one other head need be specially noticed as contributing to the improvement in the results of 1894-95, namely, the Excise Revenue. This revenue is in its nature a progressive one, and has brought in this year Rx. 195,500 in addition to the Budget Estimates. The greater part of this improvement, Rx. 150,200, accrues to the Imperial account.

21. Against these improvements we have to set only one considerable deterioration, if such a term can fairly be applied to it. It is in the expenditure on account of interest on debt paid in India, the comparison here being as follows:—

INDIA IMPERIAL.	Budget. Rx.	Revised. Rx.
Interest	−615,500	−333,300
State Railway interest	3,264,500	3,286,500
Irrigation	653,900	654,000
TOTAL	3,302,900	3,607,200
Increase		304,300

Nearly the whole of this increase is due to the anticipation interest and brokerage paid in respect of the conversion of the 4 per cent. debt. The net amount paid on this account (including Rx. 20,400 which returns to us as Currency Department receipts) we reckon at about Rx. 301,000. The greater part of this is interest that would otherwise have fallen due to be paid in 1895-96.

22. It will be observed from the manner in which I have stated these figures that the rule by which we transfer a portion of our interest charges in India from the general head of interest on debt to be charged against State Railways and Irrigation Works, has brought about the anomalous result that the general head shows a *minus* figure. This is due to the fact that the amount of capital expenditure on these works is actually larger than the total amount of Public Debt outstanding in India, the expenditure in question having really been met, to a considerable extent, out of sterling loans, borne on our English Account. The *minus* entry is, therefore, the amount of the set-off against sterling interest on debt, which arises from our charging Railways with a larger amount of rupee interest than we actually pay. The result, taking the three heads together as I have above done, is quite correct, but it has obviously become an inconvenient way of stating facts, and we shall have to reconsider it.

23. The causes I have enumerated account for the following net improvement in the Revised Estimates—

	Better. Rx.	Worse. Rx.
Opium	1,541,400	
Customs Revenues	930,100	
State Railways	757,500	
Guaranteed Railways	...	406,500
Excise	150,200	
Interest		304,300
	3,379,200	710,800
NET	2,668,400	

out of Rx. 3,156,300 to be accounted for.

24. The Revenue heads generally, other than those I have mentioned, almost all show slight differences to the good. The leading exception is the Land Revenue, where the receipts are Rx. 194,900 less than estimated. This is due entirely to the necessity of suspending collections in some parts of the North-Western Provinces, the Central Provinces, and Bombay. There has been no distress in any of these places, except, perhaps, in a limited area in the Central Provinces, and it will be found that the revenue which is postponed this year re-appears in next year's estimates. The figures in fact somewhat exaggerate the facts, for as I have had more than one occasion to point out, the financial year closes on March 31st in the middle of the busiest collecting season. Five to six crores of Land Revenue come in in the month of March, and an equal amount in the three months April to June; the postponement of half a crore of collections from March to a slightly later date, though administratively a small matter, means a difference of a crore between the finance accounts of the two years.

25. The expenditure heads also have almost all been kept well within Budget limits. Under Civil Departments we charge in India Rx. 13,907,300 against the Budget Estimate of Rx. 14,079,200—a saving of Rx. 171,900. It is under this head that the principal portion of the exchange compensation charges in the Civil Department come; they were estimated at Rx. 365,800, but by the fall of the rate of exchange, the amount actually paid comes to Rx. 402,200. The saving, therefore, apart from exchange compensation, is Rx. 208,300. There have been savings under practically every head, excepting that of General Administion, where the expenditure is Rx. 1,581,000, against an estimate of Rx. 1,546,000.

About two-thirds of the total, and a rather smaller proportion of the total savings, under this head are provincial.

26. The Finance Minister, after enumerating the causes which have contributed to producing in the Revised Estimates a better result than the Budget Estimates, has usually to wind up by deploring a mournful set-off in the excess of Military Expenditure. I am glad to say that this year I am exempted from this fate. The figures of the estimates are—

	Budget.	Revised.	Better.
Net Expenditure in England .	£ 4,394,400	4,305,600	88,800
Net Expenditure in India .	Rx. 15,416,700	15,246,100	170,600

27. There are large savings in the Commissariat grant, amounting to Rx. 504,800, of which Rx. 375,000 are due to the prevalence throughout the year of low prices for articles of food. These and other savings have been enough, and more than enough, to meet the following excess charges:—

	Rx.
(1) Exchange compensation allowance	52,800
(2) Enhancement of British soldiers' pay, due to fall of exchange	357,800
(3) Excess over established strength of the British Army	35,000
(4) The Waziri expedition and connected Delimitation charges	202,500
TOTAL .	648,100

28. There are of course numerous other differences, but these are the leading ones. We embarked last year on a policy of strict economy in this great head of expenditure. That policy has been steadily pursued throughout the year, with the hearty co-operation of the high military authorities, from the Commander-in-Chief downwards; and though there has been at least the usual progress in military efficiency, the Military Department are able to show that their expenditure, including all the special expenses arising during the year—and they are, as just shown, no small ones—has been kept well within Budget limits.

29. I may state that the Waziri Expedition is estimated to cost Rx. 285,000, but Rx. 90,000 come into the year 1895-96.

IMPORT DUTIES.

30. I have done with Revised Estimates, and before passing on to the Budget Estimates for 1895-96, this will be the most convenient place for a review, in its financial aspect, of the Customs legislation of 1894.

31. It will be remembered that the Government of India in March of last year, when finding itself face to face with a heavy anticipated deficit in its estimates, introduced in the Council a measure for the revival of the General Customs Duties which had been abolished in 1882. This measure came into force on March 10th, 1894, twenty-two days before the end of the financial year 1893-94; and I find that it added to the revenue of that year the following net amounts:—

	Rx.
Drugs, Medicines, etc.	3,495*
Articles of Food and Drink	18,871
Silver Bullion and Coin	3,697
Other Metals (including Manufactures)	36,105
Other Manufactures and Raw Materials	30,987
TOTAL .	93,155

* A small amount of this comes under the old Tariff as Spirits.

besides a certain amount under Oils, due to the enhanced taxation of Petroleum and the like.

32. We estimated in last year's Financial Statement that these duties would add, after allowing Rx. 70,000 for Refunds, a net sum of Rx. 1,350,000 to our annual revenue, but we took only Rx. 1,200,000 into the estimates of the first year, 1894-95, of their operation. Our estimates were based on the figures of the import trade of 1892-93, which were unusually low; and our reduction of about ten per cent. for the first year's operations appears to have been quite unnecessary. The import trade has been fairly active during the current year, and the amount that the duties are now estimated to have actually produced is Rx. 1,733,000, which is classified as follows:—

	Annual amount estimated last year.	Estimated produce in 1894-95.
	Rx.	Rx.
Articles of Food and Drink	278,000	296,000
Drugs, Medicines, etc.	70 000	94,000
Silver Bullion and Coin	100,000	355,000
Other Metals and Manufactures of Metals	238,000	208,000
Manufactured Articles	446,000	504,000
Raw Materials and Unmanufactured Articles	74,000	121,000
Oils, including additional duty on Petroleum	214,000	155,000
TOTAL	1,420,000	1,733,000

Add the duties under the old Tariff—

	Rx.	
Arms and Ammunition	35,000	
Duty on Petroleum	155,000	
Liquors	621,000	
		811,000
TOTAL OF BOTH		2,544,000
Deduct Refunds		57,300
Net		2,486,700

These figures show that the greatest part of the increase occurs under the head of imports of silver. We had no means of judging to what extent silver would be imported after the Mints were closed and the due course of remittance resumed, and we made a very moderate estimate. As shown in paragraph 10 above, the imports have continued on a very high scale. The silver, so far as we can trace it, gets absorbed among the population generally, though a small amount has gone to Native Mints; and Delhi appears to be the principal centre of dispersal. The fact that the import of silver has been so largely counterbalanced by an export of gold would seem to indicate that gold hoards in this country are being exchanged for silver; but after all the import, though it amounts to seven crores of rupees in value, only comes to sixty or seventy grains for every inhabitant of India.

33. The continuance of the low state of exchange rendered it abundantly evident in November and December that we would still have a considerable deficit to face n 1895-96, and that the hopes, which had warranted our exempting cotton goods from the General Tariff of March, were destined to disappointment. With the sanction therefore of Her Majesty's Government, bills were introduced on 17th December for the amendment of the Tariff, mainly by including cotton yarns and piece-goods in it, and for the levying of a countervailing excise duty on certain classes of goods manufactured in this country. These duties came into

force on December 27th, and we estimate that they will add to our revenue in 1894-95.

	Rx.
Sea Customs	354,100
Excise Duties	12,500
TOTAL	366,600
Deduct Refunds	7,500
Net	359,100

34. The estimate of Customs Duties—Imports—for 1895-96 stands as follows :—

	Revised Estimate, 1894-95.	Budget Estimate, 1895-96.
	Rx.	Rx.
1. Arms, Ammunition, and Military Stores	35,000	33,000
2. Liquors—		
Spirits	560,000	543,000
Other sorts	61,000	59,000
3. Articles of Food and Drink	296,000	292,000
4. Chemicals, Drugs, Medicines, and Dyeing and Tanning Materials	94,000	91,000
5. Metals and Manufactures of Metals—		
(*a*) Silver Bullion and Coin	355,000	250,000
(*b*) Other Metals and Manufactures of Metals	208,000	206,000
6. Oils	310,000	369,000
7. Manufactured Articles	504,000	511,500
8. Raw Materials and Unmanufactured Articles	121,000	118,000
9. Cotton Goods—		
(*a*) Sea Customs	354,100	1,440,000
(*b*) Excise Duties	12,500	75,000
TOTAL IMPORT AND COTTON DUTIES	2,910,600	3,987,500
Deduct Refunds	64.800	118,100
Net	2,845,800	3,869,400

35. The effect of the Customs legislation is therefore to raise the standard of revenue from Rx. 786,500 (Rx. 811,000 *minus* Rx. 24,500 on account of refunds), the produce in 1894-95 of the old Tariff duties, to Rx. 2,845,800, the produce in the same year of the new Tariff, and to Rx. 3,869,400, the full estimate of a year's produce made in the Budget Estimates of 1895-96. The total increase comes to Rx. 3,082,900.

BUDGET ESTIMATES, 1895-96.

36. The Budget Estimates of 1895-96 have to be made up, as already stated, at the exchange of 13·09*d*., and, comparing our prospects in a general way with the Budget Estimates of 1894-95, the main differences foreseen before entering into details are these—

(1) We have to provide for the worse exchange on English expenditure, which on £15,850,000 comes to Rx. 1,887,000.

(2) We have to provide for exchange compensation on a higher scale; this year our payments were in the Budget Estimate based on an exchange rate of 14 pence, and were estimated, all departments

included, to cost Rx. 1,113,300, which, however, was probably, at that rate, an over-estimate. In 1895-96 the lower rate of exchange enhances the probable payments to Rx. 1,456,500, and of this excess, Rx. 236,800 is on Imperial Account.

(3) Another item due to the same cause is the enhanced rate of payment to British soldiers; for the British soldier being entitled to a sterling rate of pay, we have to estimate the charge on this account at Rx. 379,900 more than it was taken in last year's estimates.

The fall of exchange, therefore, under these three heads adds Rx. 2,503,700 to the charges of 1895-96, as compared with those included in our last year's estimates.

37. We have also this year to do without the temporary relief we obtained (1) by levying contributions of Rx. 405,000 from the Provincial Governments; (2) by reducing the scale of Military Works and of Civil Works to the lowest possible figure. During 1894-95 we have been practically carrying on without any new works, so far as the Imperial account was concerned, and we must this year provide about Rx. 150,000 under the former and Rx. 130,000 under the latter, which last year we cut out. These three items add Rx. 685,000 to the burdens of the coming year.

38. There is a further annual burden which we have, for reasons which I shall afterwards explain, been obliged to undertake, in raising from 5 rupees to 6 rupees the payment we make to cultivators, under the Opium Agencies, for crude opium delivered. This may be put down as adding in an ordinary year about Rx. 360,000 to our expenditure; to which we may add another Rx. 100,000 for the necessity of supplementing our operations by purchases in Malwa.

39. Against all these measures we have one item of saving. The operation of the debt conversion reduces our charges by Rx. 524,800, including about Rx. 102,800 on account of debt outstanding unconverted, and therefore either discharged or awaiting discharge, but at any rate not bearing interest. Our balances are large enough to enable us to repay this debt without, at present at least, raising new debt in its place.

40. We approach therefore our Budget Estimates with the following burdens added to those which in last year's estimates resulted in a deficit of Rx. 301,900.

	Rx.
Charges dependent on exchange	2,503,700
Cessation of special reductions of expenditure	685,000
Additional opium payments	460,000
TOTAL	3,648,700
Deduct saving in interest	524,800
Net	3,123,900

41. It was this prospect which, as I have already explained in dealing with the Revised Estimates, induced us to apply to the Legislature in December last for permission to add duties on cotton goods to our Import Tariff. Although aware that the Customs duties had been more productive than we estimated in March 1894, it was evident that we had still a very large margin between Expenditure and Revenue to fill up. I have just shown that these Cotton duties add Rx. 1,515,000 (or Rx. 1,455,000 if we allow for Refunds) to the resources which were available to us at the time of our last Budget Estimates, and to this we may add Rx. 427,900 by reason of the higher estimate we consider ourselves warranted in now making of the productiveness of the other Import Duties.

42. This general forecast of the estimates for 1895-96 stands thus :—

		Rx.
Deficit of 1894-95	301,900	...
Further burdens – net	3,123,900	3,425,800
Less Cotton Duties and other improvements in Customs Revenue	...	1,882,900
Result, a deficiency of	...	1,542,900

The question is whether the general advance of our Railway and other Revenues avail to make up this deficiency, and whether our estimates of expenditure under heads other than those above referred to, show a diminution in the burden to be borne.

43. A reference to the detailed estimates will show that these causes have operated to cover the whole of this deficiency, and that we anticipate on the whole account, after meeting certain special charges, a surplus of Rx. 46,200. This surplus, like that of the Revised Estimates, is the surplus *before* the consideration of the Famine Assurance Grant for Railway construction, and of course is too small to permit of our making any such grant out of Revenue.

44. Taking first of all the Railway earnings, the following figures show that we can anticipate for 1895-96 a better return by Rx. 816,300 than the Budget of 1894-95 contained :—

	Accounts, 1893-94.	Revised, 1894-95.	Budget. 1895-96.
State Railways—			
Gross earnings .	16,879,107	18,134,400	18,001,900
Working expenses .	8,263,975	8,813,000	8,697,000
Net	8,615,132	9,321,400	9,304,900
Guaranteed Railways—			
Net earnings . .	3,383,812	3,039,000	3,495,000
TOTAL .	11,998,944	12,360,400	12,799,900

45. Under Land Revenue we estimate for Rx. 666,000 more than in the Budget of 1894-95. The greater partof this is, as I have already explained (paragraph 24), Revenue postponed from 1894-95. The estimate in fact covers more than one year's Land Revenue, though as progress in settlement is fairly active all over India, it is quite possible that a year or two will suffice to enhance the standard to an equality with the figure now taken.

46. Under Opium we estimate for Rx. 467,000 more than we took twelve months ago; the estimate of last year was admittedly a very low one, based on low prices and somewhat scanty sales. We have still the scanty sales, but we consider ourselves justified in taking R1,300 as the probable price.

47. Stamps and Excise give us what may be called normal increases, aggregating Rx. 303,100; and the other heads on the Revenue side mostly promise better results than last year, except that there is a serious falling-off in the irrigation estimates of the North-West Provinces.

48. The items I have mentioned make up an improvement of Rx. 1,849,900 on the Imperial Account :—

	Rx.	Imperial share. Rx.
Railways	816,300	787,700
Land Revenue	666,000	403,100
Opium	467,000	467,000
Stamps and Excise	303,100	192,100
		1,849,900

I need not enter upon the discussion of smaller differences. I have noted all the important ones, except, perhaps, an enhanced expenditure under Minor

Works—Irrigation, due mostly to enhanced grants for certain works in the Bombay Presidency. The amount of improvement which I have just stated would, when compared with the initial deficiency of Rx. 1,542,900, give a surplus of Rx. 307,000; and the surplus we declare, namely, Rx. 46,200, may be represented as this amount of Rx. 307,000, increased by numerous smaller differences to Rx. 376,200, and then diminished by two special charges, amounting to Rx. 330,000 which I have to mention under the head of Army.

49. In the Army figures the comparison with last year's Budget Estimates is as follows:—

		Budget. 1894-95.	Budget, 1895-96.	Increase.
Net Expenditure in England	£	4,394,400	4,393,900	—500
Net Expenditure in India	Rx.	15,416,700	16,286,000	869,300

Of this increase of Rx. 869,300, I have already taken into account the portion due to Exchange, namely, Exchange Compensation, Rx. 144,200, and the increase in British soldiers' pay, Rx. 379,900: total, Rx. 524,100, so that the real increase in the Military Estimates in India, apart from Exchange, is only Rx. 345,200, namely, the two charges I have mentioned, and a further amount of Rx. 15,200.

50. As usual, a large number of items contribute to this last difference. Waziristan and the Boundary Demarcation require a special provision of Rx. 107,400, and the construction of a trans-frontier post requires Rx. 32,500; certain new regulations as to good conduct pay and as to lance ranks in the British Army made a demand on us for Rx. 44,400; the new distribution of the Army into four commands requires an addition of Rx. 11,300, besides the Rx. 10,000 provided last year; a new and very necessary arrangement for hutting native troops requires an annual grant of Rx. 13,000 for some years, beginning with the present year; and the fall of Exchange adds Rx. 13,000 to the provision necessary for purchase of Colonial horses for remounts. Against these we can put some savings, of which the principal ones are expected less expenditure on Commissariat supplies, Rx. 164,000, and in Ordnance supplies, Rx. 18,500; the abatement of a special mobilization charge of Rx. 38,200, and of some other special charges that appeared in the Estimates of 1894-95.

51. Of the two special charges, the first is an amount of Rx. 150,000, which we desire to set aside in order to provide for the preparations we have thought it necessary to make for military operations that may be forced upon us in consequence of difficulties in Chitral. This is not to be understood as an estimate of the probable cost of these operations if they are undertaken. But we must be in a position to cross the frontier, and we consider it necessary to provide Rx. 150,000 in our ordinary Estimates for this purpose.

52. The remaining amount, Rx. 180,000, arises out of an announcement which I have a very great pleasure in being charged with the duty of making. The pay proper of the Native sepoy has been seven rupees a month since 1796, but in addition to this he enjoys other allowances, some of which are common to the whole force, like compensation for dearness of provisions, and some are special concessions, which apply only to portions of the forces. These last were mostly given under conditions which are no longer applicable, and they create in some cases undesirable inequalities of treatment.

The necessity for an increase in the general scale of sepoy's allowances has for some time past become increasingly evident to all engaged in the administration of India; and when some months ago the present Commander-in-Chief urged that the measure could no longer be postponed, the Government unanimously accepted the conclusion. Some details still remain to be settled, and I cannot do more at present than indicate in general terms that it is intended that from

July 1st next no soldier of the dismounted branches of the Native Army shall get less than nine rupees a month.

This increase of allowances for the force of about 110,000 men is estimated to cost Rx. 260,000 a year, but we have to provide in 1895-96 for less than a full year's charge, that is, for Rx. 180,000 only.

QUESTIONS RELATING TO BENGAL OPIUM.

53. In discussing the estimates, I have referred more than once to the subject of the Opium Revenue, stating that I would deal with the subject in a special section. During the year the Government had occasion to review the position and prospects of the Opium Revenue of Bengal. Some years ago the Government established as a sort of standard to be aimed at the number of 57,000 chests as the proper number to be sold in a year, and their policy was to maintain, in their production, a sufficient reserve of chests to enable them to bring forward this number for sale with fair regularity.

54. We had up till 1887-88, inclusive, several good years of production, the average of the last five years being 64,500 chests; and in the sales of 1889, fixed on the basis of the production of that year, we adhered to our standard of 57,000 chests, and were able also to add 12,500 chests to the reserve, which on January 1st, 1890, stood at 49,705 chests.

55. But after that year we entered upon a cycle of bad years. We may take it that the measure of production in an average year is ·20 maund per acre; we produced ·22 during the five years ending 1887-88, but for the next five we came down to an average of ·17. Moreover, we not only produced less per acre, but the cultivators were discouraged by a series of bad years, and the average cultivation fell from 553,000 acres in the first quinquennial period to 473,000 during the second. Each year we hoped for an improvement, and each year, though we greatly reduced the sales, we were drawing upon our reserve to make up a fair tale of sales, believing it impossible, by the law of averages, that the next season should fail to restore in some degree our position. When I made the financial statement last year, we believed we were on the eve of harvesting a very good crop; but such is the precarious nature of the opium crop, that within a month we found that the poppies were deficient in juice, and we presently realized that the crop to be garnered was the worst on record. The ratio of productiveness diminished to ·13, and the produce of provision opium, after reducing to a minimum the necessary manufacture of excise opium, was only 33,328 chests. We were obliged very greatly to limit the sales for 1895, and the reserve is absolutely exhausted. The amount to be sold in 1895 is only 37,260 chests.

56. We have gained very greatly in the enhanced price we have obtained in this restricted market, but probably the disturbed state of affairs in China has given freer entrance to our opium and served to aid the enhancement in price.

57. We, however, have long ceased to have a monopoly of opium supply in China, and we have to steer between the two opposing policies of risking our position in the market by restricting the quantity supplied, and risking the prices we obtain by sending too much into the market. We have no doubt that at our present rate of sale the risk we are running is the first of these two risks, and we consider ourselves under an obligation, in our own interests, to restore the standard of production with a view of increasing the amount sold, as well as of setting aside a reserve, which will enable us to maintain a pretty equal supply.

58. We considered under these circumstances it was wise to increase from ₹5 to ₹6 the rate paid to the cultivator for crude opium, and so far as we can judge, this increase has produced the desired effect—in the Benares Agency at least—of preventing a serious falling-off in the area under cultivation We have

also made arrangements for the purchase of crude opium in Malwa, which we can manufacture into excise opium, so as to set free as much as possible of the produce of the Agencies for manufacture for export. The future sales we do not definitely settle till June, but it is desirable on the present occasion to say that unless we can manufacture more than 52,000 chests out of our Agency produce, we shall not increase the sales of 1896 beyond 42,000 chests.

CONVERSION OF THE RUPEE DEBT.

59. My predecessor, Sir David Barbour, in raising a Rupee Loan in 1893 at 3½ per cent. interest laid a foundation for a general reduction to that rate in the interest borne by our securities. That loan was raised at an average rate of R96-3-2½, but the price quickly rose, and at the date of the last financial statement it stood above par; by June it had risen to 2½ per cent. premium. This price, and our very large cash balance, in which we had some 8 to 10 crores (*i.e.* millions of Rx.) to spare, convinced us, and also created an impression among the public, that the opportunity had come to attempt a reduction of the general rate of 4 per cent. at which our securities stood.

60. The amount of debt to be dealt with was over 95 crores (millions of Rx.), of which 27·3, 24·5, and 35·5 were held respectively under the loans of 1842-43, 1854-55, and 1st May 1865, the balance being divided over five smaller loans. About 25 crores of this amount, chiefly of the 1854-55 Loan, was held in England.

61. It is unnecessary to explain the precise considerations which determined the details of our programme. The main considerations were the necessity of having the operation complete by the month of November, and of so arranging it that our spare cash balance of 8 to 10 crores was, at every stage, a sufficient backing for each immediate operation. As a matter of fact, except under the first notification, when we risked, in the event of complete failure, a possible obligation of having to discharge 19 or 20 crores, we at no time stood any chance of having to meet, in the form of discharge of debt, more than could easily be met out of our unusually ample cash balances; and, of course, this circumstance, sufficiently well known, was a strong inducement to the holders of the debt to come in for conversion. Indeed, as the price of the 3½ per cent. loans never stood at a lower figure than R103 during the whole operation, they had everything to gain, and nothing to lose, by accepting our terms of conversion, rather than taking discharge.

It fell just below R103 in the first week of August, but in that week no conversion operation was in progress.

62. Our first notification issued on 30th June, and announced the discharge of the 4 per cent. loan of 1842-43, with option of accepting reduction of rate of interest to 3½ per cent., the reduced rate having effect from August 1st, 1895, and being guaranteed till August 1st, 1904. The outstanding amount of this loan was about 19 crores in the hands of the public, and a little over 8 in the currency investment. We offered the same terms of conversion to holders of other loans at the same time, and hinted that if they did not accept, they might have to accept less favourable terms in future.

63. We allowed the usual period of a month for acceptance of our terms, and when we came to make up accounts (the completion of which always took a little time, as we received notes for conversion at every treasury in India), we found that the compulsory conversion (that of the 1842-43 Loan) had been almost universally accepted, and that about 14 crores of other loans had also been tendered.

64. Our next step was to advertise, on August 13th, a portion of the 1865 Loan, offering conversion on terms one-quarter per cent. worse than the original ones; but at the same time we re-opened, for a fortnight, both in respect of this,

and of other loans, the terms of voluntary transfer offered under the first notification. A few days afterwards we similarly notified two petty loans that stood upon our books. This was really the critical part of the operation—the portion of it which settled the question whether or not we would be able to carry it through. The plethoric condition of the London money market, which declared itself, especially in the month of August, combined with the success we had obtained in the first operation to bring in tenders for optional conversion at a rapid rate. And when at the end of the fortnight, for which the original terms were open, we collected our information, we found that we could account for about 66 crores as converted, namely, about 38 compulsorily and 28 optionally.

These figures will precisely not agree with the figures given in Part II. I am dealing here with the information we possessed at the time, and not with the totals as afterwards collected and made up.

65. The outstandings were now, at the outside, 14 crores of the 1854-55 Loan (in which the English holding had been reduced by optional conversions to a little over 6½ crores), 9 crores of the 1865 Loan, and 6 crores distributed under other loans.

66. We notified the 1854-55 Loan at once (September 1st), bringing forward still farther, namely, to 31st December 1894, the date from which the reduction of interest was to have effect, and we offered optional conversion to other outstanding holders on the same reduced terms (3rd September). When the first fortnight of this notification was over, the total outstanding balance was reduced to 10¼ crores, of which, however, we were pretty confident that returns not yet received would account for one or two crores.

67. A final notification on 20th September applied still further reduced terms of compulsory conversion, or discharge, to the remaining outstandings.

68. We knew that we had only 4 or 5 crores remaining unconverted, and with the aid of the Public Debt Offices we set to work to re-examine the returns, for it will still be a little time before the operation will have completely passed into the accounts. The result as known on the 9th March 1895 was as follows:—

[The figures are Rx., omitting 000.]	Balance on 30th June 1894.	Converted into 3½ per cent. guaranteed.	Balance unconverted.
1. Loan of 1832-33 . .	617	554	63
2 Loan of 1835-36 . .	1,560	966	594
3. Loan of 1842-43 . .	27,316	25,980	1,336
4. Loan of 1854-55 . .	24,448	23,118	1,330
5. Transfer Loan of 1st May 1865	25,536	34,113	1,423
6. Reduced Loan of 16th January 1879 . . .	5,617	5,232	385
7. Mysore Family Loan .	50	50	...
8. East India Railway Commuted Stock . .	5	5	...
TOTAL .	95,149	90,018	5,131

69. We took the opportunity offered by the conversion of simplifying our loan accounts by abolishing the first two and the last two of the above list; that is, the terms of conversion offered in these two cases included transfer into one of the other accounts. The result is that, in lieu of the above eight heads, we have now on our books only four accounts, the four guaranteed 3½ per cent. loans, as they are now called, all held under precisely the same conditions, and differing only in respect of the half-yearly dates on which interest is payable.

70. These and the two previously existing 3½ per cent. loans, which aggregate a little over 3½ crores, and the conditions of which differ from the above only in

respect that they are not guaranteed against discharge before August 1st, 1904, summarize, with one small exception, the whole of our rupee public debt.

71. The option of conversion into 3½ per cent. guaranteed debt having closed on October 3rd, we proceeded, by a notification on October 8th, to offer the holders of the above-stated unconverted balance of Rx. 5,131,000 the option of taking, on certain terms involving surrender of accrued interest, unguaranteed paper of 3½ per cent. if they preferred it to taking discharge. These terms of conversion are still open, and up to the 9th March the balance in question was thus accounted for—

[The figures are Rx., omitting 000.]	Unconverted balance as above.	Converted into 3½ per cent. unguaranteed loans.	Discharged under original notifications.	Still outstanding on 2nd March.
Loan of 1832-33 . .	63	2	8	53
Loan of 1835-36 .	594	82	5	145+362*
Loan of 1842-43 . .	1,336	786	153	397
Loan of 1854-55 . .	1,330	434	574	322
Loan of 1865 . .	1,423	533	170	720
Loan of 1879 . .	385	171	64	150
TOTAL .	5,131	2,008	974	1,787+362

* The Rx. 362,000 separately shown appertain to the Husseinabad endowment referred to in Act XV of 1878 and held by the Government in trust. Either most of it, or the whole of it, will be converted after the completion of an examination of the original transactions out of which it arose.

72. According to present appearances our new 3½ per cent. securities bear as high a value in the market as the 4 per cent. did a year ago; and what is quite as important, the reduction of interest has not had any effect in quickening the flow of securities from the English to the Indian market, about Rx. 909,300 having been transferred in eleven months of this year, against Rx. 1,247,000 last year.

73. The annual saving in interest which will accrue from the conversion is about 46 lakhs of rupees; but, as about 4 lakhs of that amount arises in respect of securities held in the currency investment, the net saving on the Revenue Account is about 42 lakhs (Rx. 420,000). But there will be a further temporary saving, by the discharge of the 97 lakhs above-mentioned which will not require immediate replenishment, and also by the cessation of current interest on the 215, or rather 179 lakhs (see the note) in the last column.

74. I would not be doing justice if I passed from this subject without a word of acknowledgment to the Bank of Bengal for the extremely efficient manner in which it coped with the immense mass of work which the conversion operations threw upon it. Each stage of the work was necessarily sprung upon the Bank without any warning, but the Directors, and their Secretary, Mr. Cruickshank, were able, by rapid organization of their forces, to meet the whole of the demands upon them without a single hitch of any kind. The acknowledgments of the Government have been conveyed both to them and to the other two Presidency Banks.

CAPITAL OUTLAY.

75. I have already stated—and it will be no matter of surprise—that we are not yet in a position to re-introduce the Famine Insurance grant. We charge against this head in 1895-96 a small amount, namely, Rx. 50,000 for Irrigation Works and Rx. 5,000 for Famine Expenditure; and we take from it also, though we charge under Railways, Rx. 366,800 in respect of the deficiency of interest on the Bengal-Nagpur and Indian Midland Railways, giving a total of Rx. 421,800. But we have no surplus to devote to the construction of Protective Railways, and the Famine Insurance grant must for the present remain in partial abeyance.

76. Although we did not provide for any Famine Insurance grant for Railway Construction in the Budget Estimates of 1894-95, I explained at the time that we

were nevertheless really providing for the obligations imposed upon us in that respect. This is even more abundantly evident now that our revised estimates have resulted in a handsome surplus, for the following figures will show that this surplus, though it has not as a matter of account been transferred to and granted from Famine Insurance, has, as a matter of fact, been largely spent upon the East Coast Railway, which is the principal remaining item in the Protective Railway programme :—

	Budget.	Revised.
	Rx.	Rx.
Surplus on the Revenue Account . . .	...	+990,500
Railway Construction on Capital Account .	3,450,000	4,610,000
Irrigation	550,000	590,000
Total Capital Outlay . . .	4,000,000	5,200,000

* Includes Rx. 768,000 spent upon East Coast Railway.

The amount allotted to Railway Construction was considerably enhanced during the year, and we have thus, as a matter of fact, utilized our surplus by spending it upon Railway Construction, though we have not for that purpose passed it through the Famine Insurance Account.

77. The Budget for 1895-96 provides for construction, on Capital Account, of Rx. 3,700,000, Railways, and Rx. 700,000, Irrigation : total Rx. 4,400,000. These figures include Rx. 500,000 on account of the East Coast Railway, while there are further projects for connecting with Calcutta, though they are not far enough advanced to find a place in our estimates. Besides the State outlay just mentioned, there will be expenditure on the Assam-Bengal line to the extent of £500,000 against debentures raised under the contract with the Company.

DEBT AND REMITTANCE.

78. The Secretary of State's account for the two years 1893-94 and 1894-95 may be taken as showing to what extent it has been necessary for him to increase the debt of India, in consequence of the failure of remittance in 1893-94. The figures of the two years are as follow :—

	Accounts, 1893-94.	Revised Estimate, 1894-95.	Total.
Net Receipts—	£	£	£
Council Bills . . .	9,530,235	17,000,000	26,530,235
Permanent Debt—			
Principal transactions .	1,386,000	6,000,000	7,386,000
Others	48,785	—4,300	44,485
Temporary Debt . . .	6,000,000	—4,000,000	2,000,000
Deposits, Advances, etc. .	924	3,400	4,334
Opening Balance . .	2,268,388	1,300,564	2,268,388
Total .	19,234,342	20,299,664	38,233,442
Net Outgoings—			
Expenditure . . .	15,633,361	15,594,500	31,227,861
Capital expenditure . .	725,084	823,200	1,548,284
Transactions on account of Railway Companies . .	654,903	530,700	1,185,603
Remittance Account with India	920,430	905,100	1,825,530
Closing Balance . . .	1,300,564	2,446,164	2,446,164
Total .	19,234,342	20,299,664	38,233,442

79. The latest figures show that the remittances of the current year may fall somewhat short of our estimated figure of £17,000,000, but we may, I think, after the remittance of an amount approaching £17,000,000 sterling during the current year, say that the disturbance due to the failure of remittance in 1893-94 has ceased to have effect; and we see now that its effect has been the increase of sterling debt by—

	£
India 3 per cent. Stock	6,000,000
3½ per cent. debentures	1,386,000
Temporary Loans	2,000,000
TOTAL	9,386,000

Against this we may take—

	Rx.	
Capital outlay charged in India and in England—		
1893-94	3,621,252	
1894-95 (Revised)	5,200,000	
Permanent debt paid off in India—net—		
1893-94	890,574	
1894-95 (Revised)	1,200,200	
Increase of cash balance in India, March 31, 1893, to March 31, 1895	7,407,732	
TOTAL	...	18,319,758
Deduct—Loan of 1893	...	3,499,100
Net		14,820,658

80. So far as at present anticipated there will be no borrowing, either in sterling or in rupees, in 1895-96, although the temporary loan of £2,000,000 which falls due in May will have to be renewed.

81. The transactions of 1894-95 lead us to hope that we have now resumed the even tenor of remittance, and the Secretary of State estimates to draw £17,000,000 of Council Bills during 1895-96.

82. These announcements as to borrowing and as to Council Bills are made, as usual, with the most absolute reservation to the Secretary of State and the Government of India of power to change their programme in any way they think advisable.

CONCLUSION.

83. I have now given an account—I hope it is a clear one—of the financial crisis through which we have been passing during the last two years. I am far from saying that that crisis is yet past: we are now in smoother waters, and our prospects, so far as financial equilibrium is concerned, are distinctly more hopeful than they were twelve months ago. But many causes for anxiety still remain, and we may again be in difficulties before many months are over. Not that I foresee any special difficulties, but merely that, so long as a difference of a tenth of a penny in exchange means a difference of a quarter of a crore in our estimates, we would be foolish to build, upon the favourable outturn of the estimates which I have to-day presented to the Council, any sanguine expectations of brighter days in the immediate future. I stated last year—and I repeat it now—that we cannot call our financial position safe until we can reckon upon sufficient surplus to warrant our renewing the Famine Insurance Grant. We believe that under present circumstances it is better to go without that grant than to increase taxation for the purpose of providing the surplus, which is necessary before we can renew it. And, meantime, although we are as yet far from a complete restoration of our fortunes, I think we may claim to have made a fair amount of progress towards their restoration.

PART II.

DETAILS OF ACCOUNTS AND ESTIMATES.

Section I.—Accounts of 1893-94.

84. The Revised Estimates for the year 1893-94 worked out to a deficit of Rx. 1,792,800, but the Accounts show a slightly diminished deficit of Rx. 1,546,998.

85. Explanations under the several heads of the variations of the Account figures from those of the Budget and Revised Estimates are given in the Appropriation Report published in the *Gazette of India* of the 16th instant. A general comparison of the Revised Estimates with the Accounts of the year is contained in the following statement:—

		Revised Estimate.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE.					
India	Rx.	90,121,000	90,246,041	125,041	...
England	£	187,700	193,454	5,754	...
Exchange	Rx.	120,800	125,719	4,919	...
TOTAL	Rx.	90,429,500	90,565,214	135,714	...
EXPENDITURE.					
India—					
Imperial, Provincial, and Local	Rx.	66,548,400	66,311,392	237,008	...
Adjustment for Provincial and Local Surplus or Deficit	Rx.	—478,800	—311,291	...	167,509
NET	Rx.	66,069,600	66,000,101	69,499	...
England	£	15,909,600	15,826,815	82,785	...
Exchange	Rx.	10,243,100	10,285,296	...	42,196
TOTAL	Rx.	92,222,300	92,112,212	110,088	...
Deficit	Rx.	1,792,800	1,546,998	245,802	...

86. The total Revenue in India was higher than the figure taken in the Revised by Rx. 125,041, while the total Expenditure was less by Rx. 237,008, giving a total improvement of Rx. 362,049. This was distributed as follows between Imperial and Provincial:—The actual Revenue exceeded the Revised Estimate by Rx. 89,182 under Imperial and by Rx. 35,859 under Provincial and Local; while Imperial Expenditure fell off by Rx. 105,358, and Provincial and Local Expenditure by Rx. 131,650. There was thus an improvement in the Imperial Section of the Accounts of Rx. 194,540, and in the Provincial and Local Section of Rx. 167,509.

87. In England there was a reduction in Expenditure, including Exchange, of Rx. 40,589, and an improvement in Revenue of Rx. 10,673; which together give an improvement of Rx. 51,262. And adding to this the improvement of Rx. 194,540 in the Imperial Section we arrive at the amount of Rx. 245,802 by which the deficit in the Accounts fell short of the estimate of March last.

88. The largest part of the increase in Revenue occurred in the Railway Revenue Account, under State Railways, Rx. 103,727, the traffic on the North-

Western and Bengal-Nagpur Railways at the end of the year having improved beyond what was expected. Miscellaneous Revenue was also under-estimated by Rx. 31,336, and Army Receipts by Rx. 23,243. Under Principal Heads of Revenue there was on the whole only a slight over-estimate of Rx. 20,600, but the variations under some heads were considerable. Salt Revenue showed the largest deficiency, coming short of the Revised Estimate by Rx. 117,324. Opium also was over-estimated by Rx. 66,829 and Stamps by Rx. 41,649. On the other hand, Land Revenue and Forests brought in Rx. 97,309 and Rx. 45,922 more than was anticipated.

89. The expenditure was generally slightly less than in the Revised Estimate, the largest difference occurring in the expenditure on Civil Works, where the over-estimate amounted to Rx. 117,322. Provincial and especially local officers are apt to provide large margins under this head, which we admit only because the estimate does not affect the Imperial Account. The expenditure on Civil Departments was slightly under-estimated by Rx. 80,106, chiefly under Police; also for the most part a non-Imperial head.

90. In England the differences in expenditure were in most cases small; the only considerable difference was in the Army Expenditure, which fell short of the Revised by £85,108, owing, as usual, to the progress in the supply of stores being slower than was anticipated.

The expenditure in England was brought to account at an exchange of 14·5466 pence, the rate taken in the Revised Estimate having been 14·6 pence.

91. The Expenditure not charged to Revenue amounted to Rx. 3,621,252, being slightly less than was taken in the Revised Estimate.

Section II.—Revised Estimate of 1894-95.

92. The following statement contains a general comparison of the figures of the Budget and Revised Estimates of 1894-95 the former having been made up on the basis of a rate of exchange of 14*d*., and the latter of 13·09*d*. to the rupee (or more exactly R18⅓ to the pound):—

		Budget.	Revised.	Revised, better.	Revised, worse.
Revenue.					
India	Rx.	91,728,000	94,783,800	3,055,800	...
England	£	173,200	202 000	28,800	...
Exchange	Rx.	123,700	168,300	44,000	...
Total	Rx.	92,024,900	95,154,100	3,129,200	...
Expenditure.					
India—					
Imperial, Provincial, and Local	Rx.	66,373,500	65,857,600	515,900	...
Adjustment for Provincial and Local Surplus and Deficit	Rx.	—1,184,400	—654,200	...	530,200
Net	Rx.	65,189,100	65,203,400	...	14,300
England	£	15,830,300	15,796,500	33,800	...
Exchange	Rx.	11,307,400	13,163,700	...	1,856,300
Total	Rx.	92,326,800	94,163,600	...	1,836,800
Surplus (+)	Rx.	...	+990,500	...	...
Deficit (—)	Rx.	—301,900	...	1,292,400	...

93. The Revenue in India has increased by a very considerable amount, and there has also been a slight improvement in the Revenue in England. The total Expenditure in India is below the Estimate, the Imperial Expenditure, including that in England, sharing in the improvement, though to a smaller extent. But the fall in the rate of exchange from 14*d.* to 13·09*d.*—a fall of slightly less than one penny—absorbs nearly two crores of the increased revenue. The net result is nevertheless a considerable improvement, the deficit of Rx. 301,900 being converted into a surplus of Rx. 990,500.

94. The total improvement of the Revenue in India amounts to Rx. 3,055,800, of which the Imperial share is no less than Rx. 2,895,300, the small balance of Rx. 160,500 arising out of the Provincial and Local portion of the Accounts. The bulk of the improvement is under Opium, Customs and Railways, which are either wholly or mainly Imperial heads of account.

95. The heads under which a considerable improvement is anticipated are—

	Imperial.	Provincial and Local.	Total.
	Rx.	Rx.	Rx.
Opium	928,400	...	928,400
Stamps	17,100	41,500	58,600
Excise	150,200	45,300	195,500
Customs	922,900	7,200	930,100
Assessed Taxes	30,100	22,300	52,400
Miscellaneous	31,500	30,400	61,900
Railway Revenue Account	799,600	3,900	803,800
Army	120,000	...	120,000
TOTAL	3,000,100	150,600	3,150,700

96. The large improvement in Opium occurs mainly in the sales of Bengal Opium, which account for Rx. 795,300 of the Rx. 928,400 shown above, but in Bombay the duty on Malwa Opium has also improved by the considerable amount of Rx. 134,900.

In Bengal it proved necessary in consequence of another bad season and small crop to reduce the number of chests sold during the last 6 months of the year from 3,525 to 3,105 a month, thus reducing the total number of chests sold in the year from 42,300 to 39,780. But so great has been the rise in price, partly owing, no doubt, to the restriction in the amount sold, that the outcome has been the largely improved receipts noted above. For the Budget it was not considered safe, having regard to the prices ruling in March last, to take a higher average rate than R1,070 a chest, but the actual average rate for the year has been R1,337$\frac{1}{16}$, while the highest average touched in any month was R1,540 in February.

October was the first month in which the diminished number of chests was offered for sale, but the reduction was announced on June 19th, 1894, and the price rose steadily till February. After the February sale a sudden reaction set in, and the price realized in March was more than R200 a chest below that realized in February.

The prices of Malwa Opium have risen, as well as those of Bengal Opium, though not to the same extent. The rise was considered sufficient to justify the imposition of an increased duty on Malwa Opium, and the duty was accordingly raised from R600 to R650 a chest by a notification issued on 11th December 1894. The higher duty does not appear to have materially checked exports, and it will bring in during the current year about Rx. 27,900 out of the total improvement of Rx. 134,600 in Bombay.

97. The improvement of Rx. 58,600 in the Revenue from Stamps is mainly the outcome of increases of Rx. 65,000 and Rx. 30,000 in Bengal and Madras, and of decreases of Rx. 30,000 and Rx. 16,000 in the North-Western Provinces and Oudh and the Punjab.

98. In Excise Revenue there has been a general improvement everywhere except in the Central Provinces, where, however, the falling off is very slight, and in Assam where it is expected that the Budget Estimate will just be realized. The largest improvement has been in Madras (Rx. 60,000), Bengal (Rx. 45,000), Lower Burma (Rx. 33,000), and Bombay Rx. (Rx. 28,000).

99. Under Customs Rx. 63,200 of the total increase of Rx. 930,100 is due to improvements in Export Duties (Rx. 41,400) and Miscellaneous Revenue (Rx. 21,800). The remainder (Rx. 866,900) arises from the duties on Imports. A considerable portion of it accrues from the Cotton Duties which were imposed on December 27th last, and are expected to produce this year the following (gross and net) amounts:—

	Rx.
Import Duties	354,100
Excise Duties	12,500
GROSS Revenue	366,600
LESS Refunds	7,500
NET REVENUE	359,100

The balance of Rx. 500,300 is due almost entirely to the new duties imposed in March last having proved more productive than was then expected. The Budget and Revised Estimates for Import Duties (other than Cotton Duties) are classified in the table below under certain general heads:—

	Budget Estimate, 1894-95.	Revised Estimate, 1894-95.	Increase.	Decrease.
	Rx.	Rx.	Rx.	Rx.
IMPORT DUTIES.				
Articles on which the duties remained unaltered.				
1. Liquors	612,000	621,000	9,000	...
2. Arms and Ammunition	31,250	35,000	3,750	...
3. Other articles	450	*	...	450
TOTAL	643,700	656,000	12,300	...
Articles on which new or enhanced duties were imposed.				
4. Articles of food and drink	246,000	296,000	50,000	...
5. Chemicals, Drugs, Medicines, etc.	62,500	94,000	31,500	...
6. Silver Bullion and Coin	100,000	355,000	255,000	...
7. Other Metals and Manufactures of Metals	210,500	208,000	...	2,500
8. Oils	392,000	310,000	...	82,000
9. Manufactured articles	393,000	504,000	111,000	...
10. Raw materials and unmanufactured articles	66,000	121,000	55,000	...
TOTAL	1,470,000	1,888,000	418,000	...
Deduct—Refunds and Drawbacks	70,000	†	70,000	...
GRAND TOTAL	2,043,700	2,544,000	500,300	...

* Included under (5).
† Shown as expenditure in Revised.

The only article in the case of which the duty is expected to fall seriously short of the estimate of March last is Petroleum ; allowance was made for a considerably decreased import in consequence of the enhancement of the duty, but the reduction has proved insufficient, as there has been an enhancement of price due to other causes than increased duty. Metals, other than silver, will give about the amount anticipated, but in the case of all the other articles the Revised Estimate now framed is considerably in excess of the Budget. The largest increase is in the duty on silver, for which it was not in March last considered safe to take a larger amount in the absence of information as to the effect which the duty might have in checking the importation of this metal. The gross and net imports of silver for the first eleven months of the year are—

		Value of Gross Imports.	Value of Net Imports.
		Rx	Rx.
1894	April	605,485	437,559
	May	414,159	305,052
	June	495,885	291,643
	July	1,094,258	913,014
	August	897,994	691,588
	September	777,617	735,707
	October	414,023	198,715
	November	360,561	288,762
	December	567,203	528,171
1895	January	735,645	677,614
	February	592,003	554,753
	TOTAL ELEVEN MONTHS	6,954,833	5,622,578

100. Assessed Taxes show an improvement everywhere but in the Central Provinces, where the falling off is almost inappreciable. The largest increases are Rx. 20,000 in Bengal and Rx. 19,500 in Madras.

101. Under Miscellaneous Revenue the principal items making up the improvement of Rx. 61,900 are (1) the Refund of the Opium Commission Charges incurred in 1893-94 which will be brought to account in India—Rx. 9,400, (2) increased gain by exchange on transactions in the Local Currency of Hyderabad (Halis) Rx. 6,000, the value of the Halis having fallen considerably since the mints were closed, (3) an improved Revenue of Rx. 10,000 in Bengal from fees for survey of Tea Lands and from Partition Fees, (4) a special repayment of Rx. 7,600 by the Bombay Port Trust on account of a portion of its debt to Government which does not bear interest and, (5) an improvement of about Rx. 3,000 in the Revenues of Berbera and Zaila.

102. The Railway Revenue has continued to develop in a most satisfactory way. The improvement shown above is made up as follows :—

	Rx.
State Railways Gross Receipts	1,194,400
Guaranteed Railways Net Traffic Receipts	—406,500
Subsidized Railways	15,900
TOTAL	803,800

The only untoward feature is the large falling off in the net receipts of Guaranteed Railways, chiefly on the Great Indian Peninsula Railway (Rx. 480,000), against which there is some set off in improved receipts on the Bombay Baroda and Central India Railway (Rx. 82,500). On State Railways the improvement has been general, the only important exceptions being the Mysore Railway (—Rx.20,000) and the Burma Railway (—Rx. 90,000), the last of which has remained at the low level of 1893-94, and has not recovered the ground lost in that year, as it was expected to do when the Budget was framed. The improvement has been very large on some lines, such, for instance, as the following :—

	Rx.
East Indian	190,000
Rajputana-Malwa (including Godhra-Rutlam) . .	222,500
Eastern Bengal	210,000
Oudh and Rohilkhand	195,000
North-Western	300,000

while the Indian Midland, Southern Mahratta, East Coast and Bengal and North West and Tirhoot Railways also show a material excess over the Estimates.

Of course in the case of Railways there is always some set-off against increased Revenue in the shape of enhanced working expenses, and this year this enhancement has amounted to Rx. 411,200. But even taking the net Traffic Receipts for State Railways the improvement mounts up to the very large figure of Rx. 783,200.

103. The increase in Army Receipts has arisen chiefly under Commissariat Receipts (Rx. 18,600), due to larger sales of malt liquor in consequence of the increased strength of British Troops, and under Ordnance Receipts (Rx. 82,300) due to larger sales of stores.

104. The only head of Revenue under which a noticeable falling off is expected is Land Revenue (Rx. 194,900). This is due mainly to suspensions in the North-Western Provinces, where the Revenue is expected to fall short by Rx. 196,500 of the figure taken in the Budget Estimates; the arrears will, it is expected, be collected next year, the Budget Estimate for which is correspondingly raised. There are also decreases of Rx. 58,300 in the Central Provinces, of Rx. 74,800 in Bombay, and of Rx. 52,800 in the Punjab, owing largely to similar postponements of collection, which have led to Revenue due in 1894-95 being reserved for collection in 1895-96. In Bombay there have also been some remissions of Revenue owing to floods in the Sind Districts. These reductions have been partially counterbalanced by improved collections in other provinces, principally Madras (Rx. 101,400) and Upper Burma (Rx. 55,000).

105. The increase in the sterling Revenue occurs under the head of Army Receipts, which are expected to give £66,600 against £33,400 in the Budget, the greater portion (£28,900) of the excess accruing under the head of Indian Troop Service and being due to the sale of three Troopships for which no provision was made in the Estimates. Against this improvement there is a diminished receipt of £6,500 under Interest, the Secretary of State's balances not having been invested to the same extent as usual, owing to the low rate of interest prevailing during the greater part of the year.

106. The total falling off of Rx. 515,900 in the Expenditure in India as compared with the Budget is made up of a reduction of Rx. 146,200 in the Imperial Expenditure, and of Rx. 369,700 in the Provincial and Local Expenditure; it is the net outcome of several increases and decreases, some of which are of considerable proportions.